As of 11 a.m. ET **DJIA** 10589.93 ▲ 0.24% **FTSE 100** 5640.57 ▲ 0.68% **Nikkei 225** 10563.92 ▼ 0.04% **Shanghai Comp.** 3048.93 ▼ 0.66% **Hang Seng** 21208.29 ▲ 0.74 pt. **Sensex** 17098.33 ▲ 0.27% **S&P/ASX 200** 4819.96 ▼ 0.14 pt.

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# THE WALL STREET JOURNAL.

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## Strengthening Indonesia-Australia ties

Reuters

Indonesia's President Susilo Bambang Yudhoyono on Wednesday addressed a joint session of Australia's Parliament in Canberra, saying the two countries need to work together at a time when 'nontraditional threats'—terrorism, financial crisis and climate change—are 'more prominent.' **Page 4**

# China's surge in housing sales starts to cool

By Andrew Batson

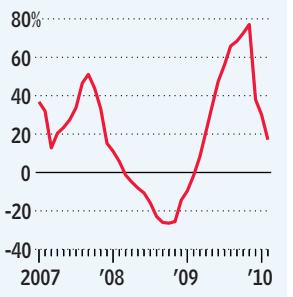
BEIJING—China's red-hot housing market shows signs of cooling, according to government data, news that is likely to encourage Chinese leaders who face mounting political pressure from urban residents unable to afford new homes.

Property prices are still going up: They were 10.7% higher than a year earlier in February, the National Bureau of Statistics said Wednesday.

However, sales of residential properties are now easing from growth rates of more than 50% late last year, with the data showing an increase of 37% in the first two months of 2010. Figures compiled by real estate consultancy Soufun, which counts transactions in 30 major cities, show an even sharper slowdown at the beginning of the year: Housing-sales volume was down 49% in February from January, which in turn was down 46% from December.

Falling transactions indicate that high prices and tighter financing are deterring more people in major cities from taking the plunge into what many think is a frothy market.

**Less frothy?**
Floor area of residential buildings sold, change from a year earlier in 3-month moving average




Source: National Bureau of Statistics of China

People getting pushed out of the housing market include Jiang Yun, a 38-year-old marketing executive in Beijing. Since his son was born three years ago, and his parents moved in to help take care of him, his current 86-square-meter (925-square-feet) place in eastern Beijing has gotten quite cramped. But Mr. Jiang can't find the money to buy a new and bigger apartment at today's prices.

"I don't want to put such a big financial burden on our family just to buy a home," he said. "It's not exaggerating to say that buying a home can kill a middle-class family in Beijing."

The surge in property sales and construction has been one of the biggest supports for China's economic recovery over the past year. But the accompanying jump in housing prices has become a political headache for China's leaders. It has been one of the key issues at this week's annual meeting of the National

*Please turn to page 16*

■ China's exports expanded strongly in February .....3
■ Turning China's upward mobility inward .....32

# Activists test China openness vow

By Shai Oster

BEIJING—Ren Xinghui has a question about his electricity bill: How is the government spending it?

Since the 1990s, China's power bills have included a small charge, the equivalent of a few cents, earmarked for construction of the Three Gorges Dam. Mr. Ren believes the levy has raised billions of dollars for China's massive dam, but he says the government has only once released an annual tally of the spending. So he recently sued China's Ministry of Finance for a more complete accounting.

A few years ago, that could lead to trouble: China's Communist Party has traditionally guarded information, a key tool to its hold on power, and controlled the media, resulting in few detailed accounts of its doings.

Now, Beijing is officially endorsing the push toward more transparency. Open government is one of the themes of the National People's Congress, a ten-day legislative session of nearly 3,000 delegates that opened last week. On Wednesday, a senior lawmaker said on the session's sidelines that legislators would start reviewing later this year an amendment to China's budget law that would further enhance transparency.

Mr. Ren is among a growing cadre of activists attempting to hold Beijing to its pledges, using a freedom of information regulation China enacted two years ago. As their efforts progress, a line is beginning to appear between what Beijing is comfortable divulging and what it will hold tight.

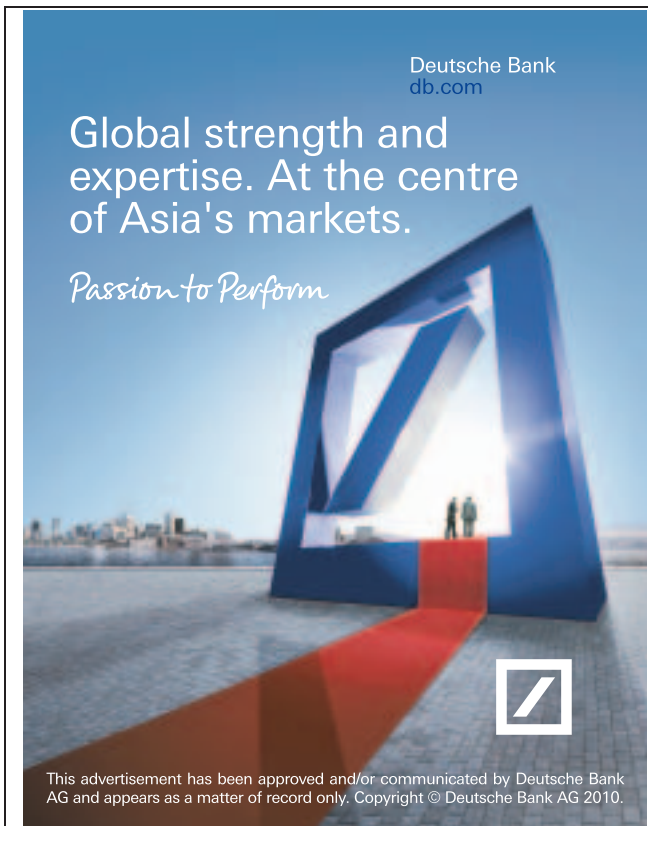
The regulation has been hailed by activist lawyers and environmentalists for laying out, for the first time, the government's obligation to make public what it does. A wave of high-profile positive coverage by the state-controlled media shows the central government is interested in promoting its efforts.

**'I'm trying to raise taxpayer consciousness' by showing where their money is going, said Wu Junliang, who helped open Shenzen's budget.**

But activists say the regulation is vague and full of exceptions. Information relating to state statistics, budgets, building projects, food safety and the state of the environment are covered. But the government can withhold anything considered a state secret or sensitive commercial information, which could exempt a swath of activities the government does through state-owned enterprises.

The government is also struggling with how to handle such requests, starting with basics such as creating request forms. Some bodies have shared their books with applicants, while others have been slow to respond. Shanghai resisted requests to open the city's budget, arguing that

*Please turn to page 16*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# PAGE TWO

## What's News—

* * *

*Business & Finance*

■ **Greek officials may** formally seek EU financial aid, and possibly IMF assistance, if borrowing costs don't fall sharply in the coming weeks. Officials called for a European guarantee on Greek bonds to bring down borrowing costs. **6**

■ **China's exports expanded** 45.7% in February from depressed year-earlier levels, though they slipped slightly from January. **3**

■ **China Mobile agreed to buy** a 20% stake in Pudong Bank for $5.83 billion as the mobile operator seeks to expand into payment services. **17**

■ **Cnooc and Total are** each expected to acquire a third of Tullow's oil assets in Uganda. **22**

■ **Google CEO Schmidt expects** the company will soon reach a conclusion to negotiations with China regarding the self-censoring of its search engine. **21**

■ **Cathay Pacific Airways** returned to net profit in 2009, lifted by fuel-hedging gains and the sale of a stake it owns in an aircraft-maintenance affiliate. **20**

■ **Citic Pacific swung** to a yearly profit, as it rebounded from foreign-exchange problems that led to a loss in 2008. **22**

■ **U.S. blue-chip stocks** were lower Wednesday as energy shares declined. Chinese stocks fell, and most Asian markets were little changed. **27**

■ **The CEO of EMI Group's** recorded-music division resigned after less than two years on the job, the latest convulsion at the historic music company. **21**

■ **Japan's core machinery orders** slid 3.7% in January as demand from nonmanufacturers fell, but the data contained bright spots. **5**

■ **Thailand's central bank kept** interest rates at 1.25%, but hinted borrowing costs could rise. **5**

European Pressphoto Agency

Iranian President Mahmoud Ahmadinejad, left, talks with Afghan President Hamid Karzai, during a joint news conference Wednesday in Kabul, where the two leaders discussed issues of mutual interest and regional security. Mr. Ahmadinejad rejected claims, made by U.S. Defense Secretary Robert Gates this week, that Iran was playing a 'double game' by supporting both Mr. Karzai's government and the Taliban.

■ **Hynix creditors picked** six lead managers to sell a 7% stake in the chip maker. **18**

■ **Daewoo Engineering investors** accepted a revised offer from a private-equity fund owned by Korea Development Bank for their stake in the builder. **19**

■ **Fred Hu is leaving** Goldman Sachs, where he is chairman for Greater China. **25**

■ **Munich Re's net surged** due to lower claims for natural disasters, an improved investment result and higher premium income. **19**

■ **A group of Chinese consumers** filed a complaint to China's product-quality agency claiming H-P discriminated against them in its handling of a laptop problem. **22**

* * *

*World-Wide*

■ **Afghan President Karzai** meets with Pakistani officials for two days of talks that will likely include Pakistan's role in fighting the Taliban. **6**

■ **Australia and Indonesia** agreed to establish tighter ties, in an acknowledgment that issues such as terrorism and people-smuggling require greater cooperation. **4**

■ **Palestinian leader Abbas** called for Israel to rescind a plan to build in East Jerusalem, but reaffirmed a commitment to engage in indirect talks.

■ **Iraqis continued to count** ballots from Sunday's vote. Results weren't expected until Thursday at the earliest.

■ **Myanmar dissidents criticized** the country's new election law, saying it would prevent many opposition leaders, including Aung San Suu Kyi, from contesting a national vote expected this year. **5**

■ **The U.N. named** the Inter-Academy Council, which represents scientists, to head a review of the Intergovernmental Panel on Climate Change. **7**

## ONLINE TODAY

### Most read in Asia

1. Toyota's Recall Costs Could Top $5 Billion
2. China's Next Leaders Jockey for Spot
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Israel's model of the government providing 80% of a start-up's funds may not be right for India.

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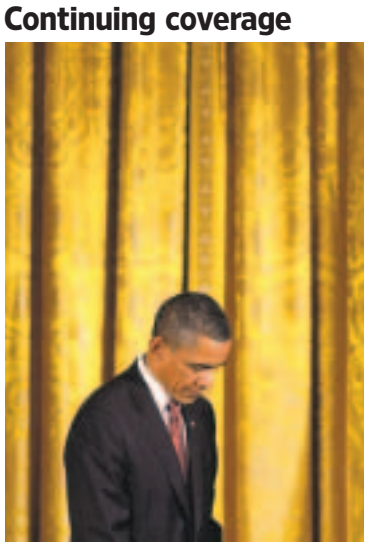

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### Speakeasy

blogs.wsj.com/speakeasy

David Letterman had something to say about a man's guilty plea to grand larceny in an attempt to blackmail him.

## Inside

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WORLD NEWS

# China's exports rise for third month

*Uneven expansion could bolster Beijing's arguments to leave currency unchanged, a policy that helps exporters*

By Terence Poon

BEIJING—China's exports expanded strongly for the third straight month in February from depressed year-earlier levels, though they slipped slightly from January, showing the recovery remains tentative.

The choppiness of the export rebound could bolster the case for Beijing to stick with its currency policy, which has helped exporters.

China's exports in February rose 45.7% from a year earlier, official data showed Wednesday, a pickup from January's 21% increase, though the jump was mainly due to a low comparison base, as exports in February 2009 fell at their fastest rate during the international financial crisis.

Seasonally adjusted exports last month fell 2.2% from January, suggesting lingering weakness in external demand—a recurring theme in recent remarks by officials.

Imports grew 44.7% in February from a year earlier, slowing from January's 85.5% pace, which in turn was partially due to the steep import drop in January 2009.

Seasonally adjusted imports in February rose 6.3% from the previous month, reversing January's 0.9% drop, indicating domestic demand remains strong despite government efforts to slow lending.

Copper imports, for instance, rose in February from January, reversing a sequential drop January, according to data from the General Administration of Customs.

In laying out the economic-policy blueprint for this year, Premier Wen Jiabao said Friday the government needs to "consolidate the momentum of the economic turnaround," given that many destabilizing factors in the world economy persist and private growth drivers in China remain weak.

Despite external pressure, Mr. Wen also said the government will maintain the yuan exchange rate's "basic stability."

China has kept the local currency largely unchanged against the U.S. dollar since July 2008 to help exporters cope with the financial crisis.

Alastair Chan, an associate economist with Moody's Economy.com, said Chinese import growth "will outpace export growth this year because the domestic economy is doing better than those of China's trading partners."

"If imports increase quite a lot and the trade surplus shrinks, international pressure will fade," he said, referring to pressure on Beijing to budge on the currency.

China's trade surplus narrowed to $7.61 billion in February from $14.17 billion in January.

Economists say the February data are difficult to interpret because the weeklong Lunar New Year holiday, when factories close, was in February this year, but in January last year, creating distortions in year-earlier comparisons. They generally predict exports will continue to pick up this year because the global economy is recovering.

UBS Securities economist Wang Tao said exports will likely rise around 30% in March and April from the same period last year, even as the impact of a low base of comparison fades.

February's year-on-year export growth "points to solid underlying improvement in external demand, which should provide significant support to China's recovery in 2010," said Royal Bank of Canada economist Brian Jackson.

*—Liu Li contributed to this article.*

**Rosy growth**

China's monthly exports, change from previous month

Sources: National Statistics Bureau of China via Thomson Reuters; Reuters (photo)

Workers categorize crayons at a toy factory in Dongguan, China

# Fed debates how to signal next rate move

By Jon Hilsenrath And Sudeep Reddy

Long before the U.S. Federal Reserve raises short-term interest rates amid an improving economy, it will need to signal to the public that a change is in the works. Central-bank officials are intensifying discussions about how to communicate that when the time comes.

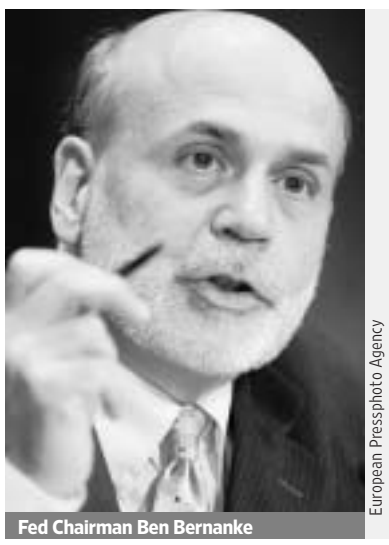
For the past year, the Fed has signaled plans to keep interest rates near zero for a long time. Although officials aren't yet ready to change that wording, they are trying to think through a script well in advance for how to walk away from that pledge.

The issue will be at the center of discussions at the Fed's meeting next Tuesday. Central-bank officials also are likely to decide at the meeting to end their purchases of $1.25 trillion of mortgage-backed securities by the end of this month, as planned, according to Fed officials.

Although the housing market has softened recently, the broader economy appears on track to grow at about a 3% rate in the first quarter, enough to start creating jobs. Inflation, meanwhile, has been a little softer than officials anticipated a few months ago.

Futures markets anticipate the Fed will raise its target for the fed funds rate—a rate banks charge each other for overnight loans—to 0.5% from near zero by November or December.

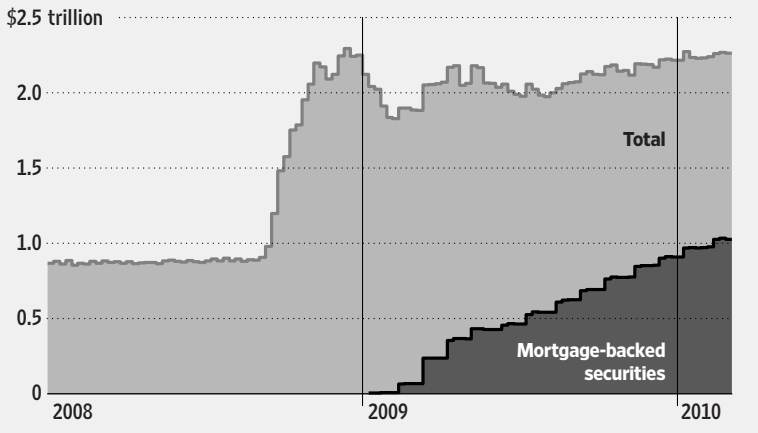
"The markets seem prepared for the risks toward tighter policy," Brian Sack, director of the New York Fed's markets group, said in a speech Monday.



Fed Chairman Ben Bernanke

European Pressphoto Agency

**Preparing an exit** | Fed's balance-sheet assets




Note: Through March 3

Source: U.S. Federal Reserve via Moody's Economy.com

At some point, the Fed must undertake some delicate wordsmithing in the statement it releases after policy meetings.

The current language—that officials plan to keep rates "exceptionally low" for "an extended period"—is meant to convey that rates will stay near zero for at least several more months.

A change is highly unlikely at next week's meeting. Many officials believe a recovery isn't fully enough entrenched. Inflation is so low that they're under little pressure to act.

"I can envision that [the current stance] will continue to be appropriate for quite some period of time," Charles Evans, president of the Chicago Fed, said in an interview Tuesday.

Timing depends on the economy. If it weakens or fails to produce jobs, rate increases are off the table. If it heats up, increases could come sooner.

The Fed has botched its communications in the past. In 1994, for example, investors were surprised by rate increases, and bond-market turmoil ensued. In 2004, some officials felt the Fed tied itself to increases that were too gradual.

Different ideas are being bandied about now.

Officials could say rates will stay exceptionally low for "some time," meaning the time for a rate increase is slowly getting closer, or that Fed policy will stay "highly accommodative," meaning rates might rise but not by much.

As part of the planning, officials are studying how the Fed performed in 2004, when it shifted from saying rates would stay low for a "considerable period" to saying it would be "patient" before raising rates, to saying rates would rise at a "measured" pace.

In addition to debate at official meetings every six weeks, there is a great deal of jockeying ahead of meetings.

For example, Fed staff circulate a document, called a blue book, in which officials are shown options for how they might alter communications.

Inflation hawks are agitating to drop the "extended period" words, worried that keeping rates too low for too long will push up prices more than desired.

Thomas Hoenig, Kansas City Fed president, dissented at the last meeting because he wanted the words removed.

"I am not a big fan of that language," Charles Plosser, Philadelphia Fed president, said in an interview. The words "confine us."

The end of mortgage purchases looks more certain. The central bank's program is credited with pushing mortgage rates down by as much as one percentage point, lowering other long-term interest rates and helping the housing sector.

Some investors worry mortgage rates could shoot up without the Fed's support. But officials have been comforted by the fact that rates haven't moved up even as they have slowed their buying.

The market reaction to a Fed pullback "will actually be a pleasant surprise," said Ajay Rajadhyaksha, Barclays Capital's head of U.S. fixed-income strategy.

When the Fed became the dominant buyer of mortgages, big investors such as mutual funds and insurers walked away from the market and purchased Treasury debt instead. Once the Fed stops, Mr. Rajadhyaksha said, there will be pent-up demand from private investors to soften the impact.

He expects Treasury and mortgage yields to rise no more than half a percentage point in coming months. Today, yields on 30-year fixed mortgages are around 5%.

The Fed plans to gradually reduce its mortgage portfolio. As mortgage-backed securities are paid off by borrowers, it plans to avoid reinvesting the proceeds in new securities.

Mr. Sack estimates $200 billion of mortgage-backed securities will be pared from the Fed's portfolio this way through 2011.

Officials are debating whether to adopt a similar policy for $140 billion of Treasury securities held by the Fed that mature by 2011.

WORLD NEWS: ASIA

# Indonesia forces kill terror fugitive

*But demise of another mastermind in 2002 Bali bombings uncovers a broad new network of Islamist militants*

By James Hookway

Indonesian counterterrorism forces notched another success against radical Islamists by tracking down and killing one of Southeast Asia's most-wanted terrorists.

But the demise of the man identified as a planner of the 2002 Bali bombings has uncovered a new, potentially lethal threat facing the nation with the world's biggest Muslim population.

Dulmatin, a 39-year-old Indonesian, was killed Tuesday while building a broad militant network that includes several Islamist groups, suggesting dozens of members could be considered possible threats.

Terrorism analysts say the case of Mr. Dulmatin, who like many Indonesians goes by only one name, points to how the challenges to Indonesia's terrorist-hunters are constantly changing, as their quarry learns new techniques and develops fresh alliances. Several hundred members of the al Qaeda-linked Jemaah Islamiyah group that led the Bali attacks, killing more than 200 people, have been arrested or killed.

But some of the members of that cell appear to be seeding fresh terrorist units as Indonesia's Muslim radicals continue their push for the creation of an Islamic state across much of Southeast Asia. Another Bali mastermind, Noordin Mohamed Top, was killed last year after creating a new cell that attacked two Jakarta hotels, killing nine people, including the suicide bombers.

"Mr. Dulmatin was a tier-one suspect, and the most dangerous terrorist in Southeast Asia after Noordin Top," said Rohan Gunaratna, head of the International Center for Political Violence and Terrorism Research at Nanyang Technological University in Singapore. "His death means the terrorism threat has been reduced, but it is still significant."

European Pressphoto Agency

Indonesian national police chief Gen. Bambang Hendarso Danuri holds a file photo of fugitive Dulmatin, killed Tuesday.

Mr. Gunaratna points to the way many Islamist groups were involved in helping Mr. Dulmatin found a new cell late last year in western Indonesia's Aceh province.

"The terrorist threat is now multilayered, but Indonesia's antiterrorism police, known as Detachment 88, are beginning to develop a picture of how the different groups now interact," he said.

Indonesian President Susilo Bambang Yudhoyono confirmed the death of Mr. Dulmatin in a shootout during a speech in Canberra, where he was working to improve ties between his country and Australia. Many of the Bali victims were Australian citizens.

The president was speaking ahead of U.S. President Barack Obama's scheduled visit March 20-22 to Indonesia, the world's third-largest democracy and where Mr. Obama lived for four years during his childhood.

In Jakarta, after Mr. Yudhoyono's comments, Indonesian Vice President Boediono said DNA tests had confirmed Mr. Dulmatin was killed.

Regional intelligence officials said Indonesian police learned of Mr. Dulmatin whereabouts just as he was preparing to put the new guerrilla unit into action, with the aid of other local Islamist groups, including Kompak and Darul Islam.

National Police Chief Gen. Bambang Hendarso Danuri told reporters Wednesday that villagers in Aceh reported the arrival last year of suspicious visitors from Java who practiced paramilitary drills. On Feb. 22, 16 people were arrested and three killed in a police raid on a guerrilla training camp in Aceh. The raid uncovered bomb-making equipment, remote detonators and identification cards, and investigators subsequently found thousands of rounds in ammunition, assault rifles and hand grenades in the area.

Since then, another 11 people have been arrested and three more killed as a result of information gathered during that raid, culminating in the shootout leading to Mr. Dulmatin's death at an Internet cafe southwest of Jakarta.

Mr. Dulmatin was one of the most dangerous militants in Southeast Asia. His appeared to have played a crucial role in the latest network organization and had the potential to pass on bomb-making and other expertise. An electronics specialist, he was recruited by Jemaah Islamiyah and sent to Afghanistan for bomb-making training, intelligence officials say. After the 2002 Bali bombings, he fled to the southern Philippines where he linked up with another al Qaeda-backed group, Abu Sayyaf. He taught bomb-making techniques, which the guerillas used to deadly effect in Manila and other cities. He also instructed Indonesian visitors on how to construct explosive devices.

Philippine police found Mr. Dulmatin's wife and children in the southern Philippines in 2006 and deported them. In 2008, Philippine authorities thought Mr. Dulmatin had been killed in a gun battle between the Abu Sayyaf group and the Philippine military; in Tawi-Tawi, authorities exhumed a body then believed to be that of the Indonesian bomb-maker.

It wasn't Mr. Dulmatin, however, and he continued to move around the southern Philippines, evading a tightening military dragnet and shrugging off a $10 million bounty the U.S. government placed on his head—an indication of his importance to the terrorist movement in Southeast Asia.

After the Feb. 22 arrests in Aceh, Indonesia's Detachment 88 realized Mr. Dulmatin was back home and stepped up efforts to find him. Regional security officials say Aceh detainees tipped off the police about where Mr. Dulmatin might be hiding. After a surveillance operation, forces moved in Tuesday to capture Mr. Dulmatin at a local two-story Internet cafe at around 11 a.m.

Local television stations reported witnesses saying they heard several gunshots before an ambulance took a body away, while a number of other people were arrested. At noon, police surrounded a house nearby and shot dead Mr. Dulmatin's bodyguards, Ridwan and Hasan Nur, as they attempted to escape on a motorcycle while firing at police.

Aceh Gov. Irwandi Yusuf said Tuesday that members of the terrorist cell traveled to his province from Java, and began recruiting last year, the Associated Press reported. He said they planned to send guerrillas to Gaza to fight Israel, and chose Aceh as a staging ground because it is the only Indonesian province where Islamic Shariah law is the official state law.

He also said the militants were hopeful of finding recruits in Aceh, where secessionists fought for nearly 20 years for independence until signing a peace deal with the government in 2005.

"The want to make Aceh their Southeast Asian base, but they're wrong. The Acehnese people don't support them," the AP quoted Mr. Yusuf as saying.

*—Yayu Yuniar contributed to this article.*

# Australia, Indonesia strengthen their ties

By Rachel Pannett

CANBERRA—Australia and Indonesia agreed Wednesday to establish tighter ties, in an acknowledgment that issues such as terrorism and people-smuggling require greater cooperation despite a history of tense relations.

In the enhanced relationship, heads of government will meet annually in Australia or Indonesia. The two nations' foreign and defense ministers also will meet each year, as Australia does currently with its closest military ally, the U.S., Prime Minister Kevin Rudd said.

They also reached a new framework on people-smuggling, a contentious issue in Australia that's dented the popularity of Mr. Rudd's government. Details were scant, however. Indonesia is a staging ground for growing numbers of political refugees seeking asylum in developed countries like Australia.

Canberra has had testy relations with Jakarta, mostly due to disagreements over East Timor, which Indonesia annexed in 1976. At the end of the 1990s, Indonesia reluctantly gave up its sovereignty over East Timor and allowed a multinational force, in which Australia played a major role, to enter the territory. Despite their proximity, Indonesia is only Australia's 13th largest trading partner, and the two countries have yet to start any meaningful negotiations on a free-trade agreement.

But in a sign the relationship has improved under Indonesian President Susilo Bambang Yudhoyono, on Tuesday he was awarded Australia's highest civilian honor for strengthening ties and promoting development and democracy in his nation.

On Wednesday, Mr. Yudhoyono spoke of the need for Indonesia and Australia to work together at a time when "nontraditional threats"—terrorism, infectious disease, financial crisis and climate change—are becoming "more prominent."

"I believe that Indonesia and Australia are on the same page on the need to foster a more democratic world order," he told a rare joint sitting of both houses of Australia's Parliament.

"Our partnership is a strategic asset, and we are committed to increasing our cooperation in regional and global forums to advance common interests," Messrs. Rudd and Yudhoyono said in a joint statement.

European Pressphoto Agency/Press Pool

Susilo Bambang Yudhoyono, left, and Kevin Rudd, hold a joint news conference.

The strengthening of ties between Australia and Indonesia comes amid a revival of U.S. interest in Southeast Asia, which comprises several major exporters. President Barack Obama is due to visit Australia and Indonesia later this month.

Among the areas where Canberra most wants to progress ties is the thorny issue of people-smuggling. Mr. Rudd's government last year made moves toward sending some refugee processing to its giant archipelago neighbor as its own facilities are at capacity. That sparked an outcry among human-rights advocates who argued asylum seekers' claims may be dealt with less fairly in Indonesia.

Mr. Rudd said the new framework will provide for "enhanced cooperation on prevention and disruption of people-smuggling ventures, border and immigration management, and legal processes." He also welcomed Indonesia's plan to criminalize people-smuggling this year.

Mr. Rudd said Wednesday authorities also are working on the possible transfer of sentenced prisoners between the two countries, as well as "reinvigorating" joint efforts to combat transnational crimes, including through extradition and mutual legal assistance.

In a move to strengthen economic ties, Australia and Indonesia are considering the "next steps" toward a free trade pact, having completed a joint feasibility study.

They agreed to examine regional architecture as economic and strategic weight shifts to the Asia-Pacific, while keeping the Asia-Pacific Economic Cooperation as the "pre-eminent forum for regional economic cooperation."

# Myanmar vote rules rapped

*By A WSJ Staff Reporter*

YANGON, Myanmar—Dissidents criticized Myanmar's new election law announced this week, saying it would prevent many key opposition leaders—including Aung San Suu Kyi—from contesting a national vote expected this year.

Myanmar authorities are releasing the long-awaited law, which sets out rules for the country's first national election since 1990, in stages, via supplements published in local government-run newspapers. On Wednesday, government papers said the vote would exclude political prisoners and monks from participating, according to translations provided by dissidents. That is expected to include Nobel laureate Ms. Suu Kyi, the country's most famous opposition leader, who remains under house arrest.

The government also will require political parties, including the country's leading opposition group, the National League for Democracy, to register within 60 days from Monday and to be approved by a national election commission. If a party doesn't register or isn't approved, it would be officially abolished. Any party that has ineligible members—including any of the estimated 2,100 political prisoners in the country, many of whom are NLD members—would be dissolved.

The NLD, led by Ms. Suu Kyi, won a resounding victory in the 1990 vote, but the country's military regime ignored the result. Now, NLD leaders are divided over whether to try to participate in a vote that many observers say will be rigged in the military's favor. It remains unclear whether NLD officials will seek to register their party.

The stipulations announced Wednesday, while unpopular with many dissidents, at least help to clarify the rules of engagement for the election so potential candidates can decide whether to proceed. Previously, they didn't know whether they would be eligible, so they couldn't begin active campaigning.

The latest rules came a day after the government announced guidelines for the creation of the election commission that will oversee the vote. The guidelines call for the junta to appoint an election commission of at least five people whose decisions about the vote would be final, and whose members must be persons "deemed prominent and reputable" by the regime.

Some dissidents criticized the law on Wednesday. Exiles who are monitoring the process from afar can speak more openly than residents in the country, who face imprisonment if they speak out against the junta.

It is far from clear whether all dissidents will protest the rules. The rules appear to allow some government opponents, including some who aren't affiliated with the NLD, to participate. The rules also stipulate that government staff can't run, dissidents said, leading to widespread speculation that some senior military officials will have to resign their posts before the vote and could, theoretically, be removed from power.

Associated Press

Party workers at NLD headquarters.

# Japan machinery orders fall 3.7%

**By Takashi Nakamichi**

TOKYO—Japan's core machinery orders fell 3.7% in January, as demand from nonmanufacturers weakened, the government said Wednesday. But the data contained some bright spots in business spending.

Separately, the central bank said February's pace of declines in the prices of goods traded among Japanese companies was the slowest in more than a year, a sign deflation may be easing. The data add to indicators that suggest rebounding exports are feeding Japan's economic recovery by spurring manufacturing and some capital spending.

The Cabinet Office said core private-sector machinery orders, which economists use to predict the path of business investment, fell a seasonally adjusted 3.7% on month in January. The decline matched the forecast of economists polled by Dow Jones Newswires, and came as transportation and telecommunications concerns cut orders.

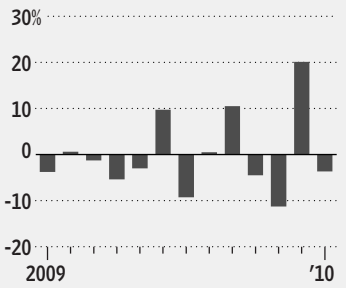
Yet, demand from the economy's growth engines—manufacturers such as electronics and car makers—rose for the second straight month as exports rebounded. That combined with the relatively moderate decline in the headline figure to fuel optimism that capital expenditures are on the mend.

"After such a crazy spike in December I was expecting more of a pullback," said Richard Jerram, chief Japan economist at Macquarie Securities. "We've been seeing persistently good growth numbers out of the Asia economies, and it looks like that has been providing the dynamic for recovery" in Japan's business spending, he said.

Signs of stabilizing machinery orders could brighten Japan's outlook. The 4.6% annualized growth in the October-December quarter was partly due to capital expenditures, which climbed for the first time in seven quarters. Capital expenditures account for 15% of gross domestic product.

**Gear slip**

Japan's machinery orders*, change from previous month




* Excludes volatile orders
Source: Japan Cabinet Office

# Thailand holds line on rates, for now

**By Piyarat Setthasiriphaiboon And Leigh Murray**

BANGKOK—Thailand's central bank kept its benchmark interest rate steady at 1.25% Wednesday as widely expected, but hinted at an increase at its next meeting if economic growth continues.

Thailand's recovery has started to gather pace, with gross domestic product expanding 3.6% in the fourth quarter from the third quarter, the fastest rate in 10 years. Core inflation, however, remains well within a target band set by the Bank of Thailand.

Political tension is another major consideration for policy makers, and any violence at a rally by supporters of fugitive former Prime Minister Thaksin Shinawatra this weekend could threaten the country's expansion.

"The political situation is hard to predict...if there's no situation that affects the economy severely and other economic indicators don't change significantly, it's highly possible that the MPC [Monetary Policy Committee] will start to normalize its policy rate," Paiboon Kittisrikangwan, the central bank's assistant governor for the monetary-policy group, told a media briefing.

While risks to the Thai economy have eased since the Monetary Policy Committee's previous meeting on Jan. 13, it decided to leave the rate unchanged due to concerns over domestic politics and the global economy, he said.

All 13 economists polled by Dow Jones Newswires last week had predicted the central bank would leave the key rate unchanged.

The steady economic recovery in the Asian-Pacific region has led some central banks there to start tightening monetary policy. Last week, Malaysia raised its benchmark rate a quarter of a percentage point to 2.25%.

However, inflation is still under control and other countries appear content to continue supporting economic activity for now.

The Bank of Thailand has trimmed 2.5 percentage points off its key interest rate since December 2008 in an effort to boost lending and spur economic growth. The rate has remained unchanged for seven straight meetings.

A rate increase at the central bank's April 21 meeting will be "a close call," said David Cohen, director of Asian economic forecasting at Action Economics. "I guess that's the other uncertainty there right now in Bangkok with the protests...and just how soon that tension will subside. It seems that assuming that things don't get out of hand that the economic recovery should allow them to begin tightening, say, by the end of the second quarter."

Mr. Paiboon said the Thai economy has continued to show signs of improvement due to rising consumer confidence and higher incomes for farmers. He said while core inflation remains low, it is tending to accelerate following stronger economic growth.

**For more information on how to exhibit or visit the event, please contact Sophie Pichot by email sophie.pichot@shorex.com or by phone +44 20 7482 1000.**

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WORLD NEWS

# Greece considers aid from EU, IMF

*Official seeks bloc's guarantee on bonds to bring down 'simply unsustainable' premium burdening country's bonds*

By Costas Paris

Greece may formally seek European Union financial aid if its borrowing costs don't fall sharply in coming weeks and, if that doesn't work, will seek a rescue from the International Monetary Fund, government officials said.

The high premium now charged by investors for Greek bonds is "simply unsustainable" and must be brought down in the coming six to eight weeks, an official said Wednesday.

"For the spreads to narrow, we need some kind of guarantee for our bonds from our European partners," he said. "If they don't give it to us and the spreads continue to be so wide, we will likely publicly ask for economic assistance and if there is no response, there will be no other choice but to turn to the IMF." Various forms of assistance are possible, the official said, including having EU state banks buy Greek debt.

The comments represent the latest in a test of wills between big EU countries such as Germany, which are reluctant to give Greece any aid, and Athens, which says it needs help to weather its debt crisis.

Reuters

Greece's Prime Minister George Papandreou was in Washington on Wednesday.

Another official said Greece has done "all we could do" and now needs to see "a clear statement of support" from a meeting of EU finance ministers.

Global financial markets have gyrated for several months on fears that Athens, with a budget deficit of 12.7% of gross domestic product last year, might default, and that contagion could spread to other indebted euro-zone economies such as Spain and Italy.

Greece has announced spending cuts and tax increases that it says will cut the deficit to 8.7% of GDP this year and below the EU's 3% limit by 2012. EU leaders pledged support but offered no specifics.

As uncertainty prevails, investors are demanding a yield on the Greek 10-year government bond some three percentage points higher than on the corresponding German bund. That spread has eased from a late-January peak of about 3.85 percentage points but remains far wider than the 1.10 points seen in August, when the gap began to blow out.

The officials said Greece needs the spread to tighten to around two percentage points before crunch time: Athens must redeem some €22 billion ($29.92 billion) of bonds in April and May.

Greek Prime Minister George Papandreou said last week the time for the EU to show its solidarity has arrived and that if it didn't come through, Athens could be forced to turn to the IMF. This would be a blow for the euro zone, which would be seen as unable to deal with the common currency's first crisis.

Greece has raised €18 billion through bond sales, out of this year's total borrowing needs of €54 billion. The government last week sold €5 billion in 10-year bonds, surviving a test of investor confidence.

The first official said Greece will seek to raise a further €10 billion through one or two bond issues this month, and between $5 billion and $10 billion through an offering in March or April targeting investors in the U.S. and Asia.

Mr. Papandreou met Friday with German Chancellor Angela Merkel and Sunday with French President Nicolas Sarkozy before heading to Washington for talks with President Barack Obama. "In all his meetings the prime minister reiterated that Greece needs EU support," the second official said. "The next move must come from Brussels and there is not much time left."

# Karzai arrives in Pakistan to discuss security ties

By Tom Wright

ISLAMABAD—Afghan President Hamid Karzai arrived Wednesday in Pakistan for talks likely to focus on how Pakistan's government can take a larger role in efforts to end the Taliban insurgency.

Pakistan's army chief, Gen. Ashfaq Kayani, offered in February his nation's help in training Afghanistan's army and police, a surprise move that appeared to be aimed at countering the growing influence of rival India in Afghanistan.

Afghanistan hasn't yet responded to the offer. But the matter is likely to be discussed during Mr. Karzai's two days of talks with Pakistani President Asif Ali Zardari and Prime Minister Yousuf Raza Gilani, a senior Pakistani official said.

Bolstering Afghan security forces is central to plans for the U.S.-led North Atlantic Treaty Organization coalition—which has tens of thousands of soldiers battling Taliban and al Qaeda militants—to eventually withdraw from the country.

Mr. Karzai's government has been a close ally of India, which has pledged $1.2 billion for reconstruction activities in Afghanistan. India has funded infrastructure projects, including highways and dams, and has helped train Afghan police.

India's growing role has irked Pakistan, which has traditionally played a significant role in Afghanistan, including supporting the rise of the Taliban government in the mid-1990s to act as a counterweight to India's influence in the region.

Associated Press

Hamid Karzai, center reviews the Pakistani honor guard with Senate chairman Farooq Naik in Rawalpindi, Wednesday.

Unlike Pakistan, India didn't recognize the Taliban government and moved quickly after the Taliban fell in 2001 to exert its influence in Afghanistan. Mr. Karzai, who like many senior Afghan government officials studied at an Indian university, is widely viewed as having close ties with New Delhi.

Other governments are keen to counteract the role of the U.S. in Afghanistan. Iranian President Mahmoud Ahmadinejad met with Mr. Karzai in Kabul on Wednesday before the Afghan leader flew to Pakistan.

Mr. Ahmadinejad rejected claims, made by U.S. Defense Secretary Robert Gates on a visit to Afghanistan this week, that Iran was playing a "double game" by supporting both Mr. Karzai's government and the Taliban. "Iran doesn't have any role in Afghanistan's insecurity," Mr. Ahmadinejad said. "We don't see the presence of military forces in Afghanistan as a solution for peace in Afghanistan. Our policy is to support Afghanistan's rebuilding."

"Iran is helping with infrastructure, power and education projects in Afghanistan," Mr. Karzai said.

Pakistan's diplomatic effort to play a larger role in Afghanistan comes as it appears to be taking a harder line against the Taliban. Since the start of the year, Islamabad has arrested a number of top Taliban leaders who were living freely in Pakistan, including the group's operations chief, Mullah Abdul Ghani Baradar.

Mr. Karzai's government has says it wants Mr. Baradar, an Afghan national, returned, and the topic is likely to be discussed during the president's visit.

On Wednesday, Pakistani officials say a suspected U.S. missile strike killed four people in the country's northwest. It wasn't immediately clear whether the dead were insurgents.

Also Wednesday, six Pakistani citizens working for U.S. charity World Vision were killed when a dozen suspected Islamic terrorists attacked their office in Mansehra, a district 65 kilometers to the north of Islamabad. World Vision said it was suspending all of its operations in Pakistan.

*—Rehmat Mehsud contributed to this article.*

# Turkey delays talks with IMF on standby loan, pending review

By Marc Champion

Turkey won't conduct further talks with the International Monetary Fund on a potential new standby loan until at least May, the economy minister said Wednesday, again delaying more than a year of intermittent talks on a loan facility favored by economists but resisted by the government.

Ali Babacan's comments followed statements late Tuesday by Turkey's treasury and the IMF in Washington, which said the IMF will send a mission for a routine update on Turkey's economy. Such assessments, known as Article IV reports, wouldn't usually be drawn up were a standby agreement on the table. Turkey hasn't had an Article IV report since May 2007.

Mr. Babacan said the IMF study would take place at the beginning of May. "Following the Article IV review, we will decide on the framework with the IMF under the conditions of the day," Mr. Babacan told reporters in Ankara, according to state news agency Anadolu Ajansi.

Turkey's generally pro-business government must call national elections by the middle of next year. Many analysts say the government has been holding the IMF at bay in the hopes that it would be able to weather the financial crisis without the need for a new standby loan, which would impose restrictions on public spending and could appear to voters as a sign of government weakness or failure.

Turkey's public finances have survived the downturn relatively well, despite a sharp drop in output early last year. IMF and Turkish officials have stressed that a standby facility wouldn't represent a bailout for an economy in need of rescue, as in some other emerging markets. Instead, it would be a standard IMF facility designed to stimulate growth by providing the government with funds it would otherwise have to raise in the markets, crowding out private-sector borrowers.

Still, any standby program would likely involve unpopular austerity measures and other conditions, which Turkey's government has repeatedly balked at accepting.

Markets had already largely discounted the prospect of an early IMF deal. Turkey's IMKB stock index fell by 1% when trading opened Wednesday, but quickly recovered. "On balance we believe this is a negative development," said Ilker Domac, an Istanbul-based economist with Citigroup.

WORLD NEWS

# U.N. picks organization to review climate panel

By Jeffrey Ball

Top United Nations officials have decided to have the InterAcademy Council, an organization representing scientists from around the world, head up a review of the Intergovernmental Panel on Climate Change, a person familiar with the matter said.

Ban Ki-moon, the U.N. secretary general, and Rajendra Pachauri, the chairman of the IPCC, were set to make the announcement in New York on Wednesday afternoon, the person familiar with the matter said. The announcement of more details of how the review will be conducted comes roughly a week after the panel said it would seek independent experts to investigate how factual errors were published in the IPCC's latest report, issued in 2007, and how the panel can prevent such mistakes in the future.

The panel's leaders have said such a probe is necessary to ensure the IPCC's procedures are rigorous and are followed by the scientists who produce its influential reports—and, more immediately, to restore the IPCC's reputation amid a recent string of criticism.

The InterAcademy Council, which is based in Amsterdam, is a global society of scientific academies. It exists largely to provide scientific advice to international institutions such as the U.N. and the World Bank. Its board includes the heads of scientific academies from more than a dozen countries, including the U.S.

In their earlier announcement of their plans for an independent review, IPCC officials said they wanted those conducting the probe to represent multiple countries and have top scientific credentials.

More than 1,000 emails hacked from an influential U.K. climate-research lab whose research has figured in IPCC reports suggested scientists there were trying to squelch others who challenged research linking climate change with human activity.

Associated Press

IPCC chairman Rajendra Pachauri has said independent experts are needed.

## Climate chief in Beijing criticizes U.S.

BEIJING—China's chief climate official called for the U.S. to do more in providing financing and technology in the climate-change fight, as international negotiators struggle to find a mutually acceptable way to tackle the problem.

The comments came after U.S President Barack Obama made little progress Tuesday in drawing up a climate-change initiative with U.S. lawmakers and finding ways to limit future greenhouse gas emissions that will be accepted across the American political spectrum.

"As the most developed nation in the world, the U.S. should do more. ... Its current commitments are still far short of what the framework convention requires and what the developing countries demand," said Xie Zhenhua, a vice director of the National Development and Reform Commission and head of the Chinese delegation to the U.N.-sponsored Copenhagen climate summit in December.

The U.S.'s domestic conflicts shouldn't be an excuse for not making a greater effort in the global climate drive, he said.

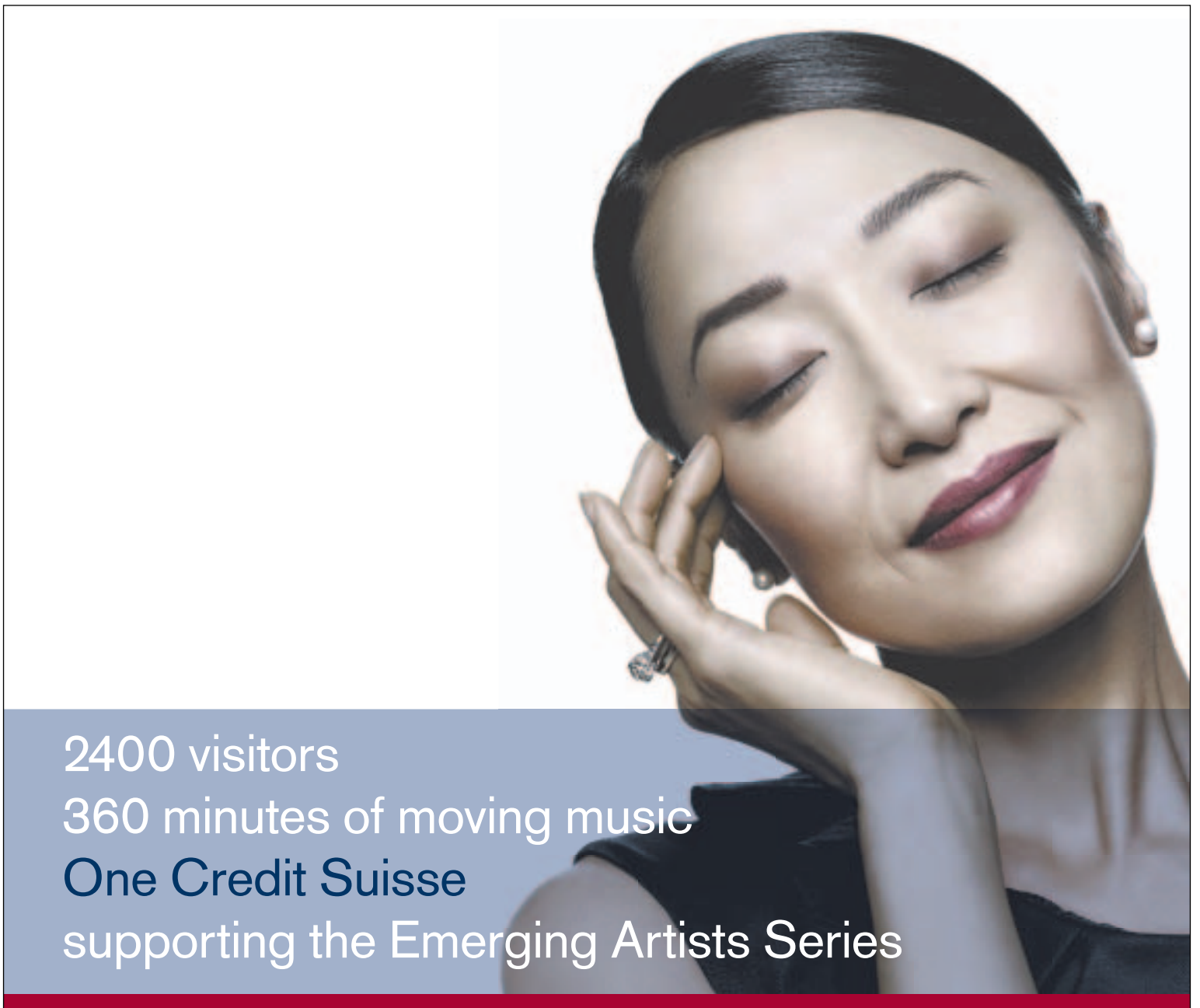
Despite the international community's pessimism about reaching a more solid climate agreement this year, Mr. Xie said, China still hopes that a follow-up climate summit will be a success. That summit is due to be held in Cancún, Mexico, at the end of this year.

He reiterated that demands by some developed nations for China to accept international monitoring on its voluntary carbon intensity reduction target are against China's sovereignty.

China cut its energy consumption per unit of gross domestic product, known as energy intensity, by 14.4% in 2006-09, which means the nation is facing great challenges to meet a target of a 20% cut by the end of this year, Mr. Xie said.

The energy intensity reduction, which is a key way of helping the nation meet its goal of cutting carbon emissions per unit of GDP by 40% to 45% by 2020, has slowed since the third quarter of 2009 as economic recovery boosted energy demand from high-polluting industries, NDRC said in a report Wednesday.

*—Jing Yang*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WEALTH

# For Sotheby's sale, it's all in the marketing

*Message honed to different audiences: Chinese, power; Western buyers, contemplation*

Top, a ruyi scepter carved of boxwood. Left, a ceremonial court pearl necklace from the Qing dynasty is displayed in front of a portrait of the Emperor Yongzheng. Bottom, a bamboo-veneer ruyi scepter. Below, a white-jade seal.

Sotheby's (scepters); Associated Press (seal at top); Reuters (necklace); Sotheby's (seal)

A white-jade seal from the Qianlong period.

By Duncan Mavin

HONG KONG—Among Chinese collectors of antiquities, power and patriotism sell, or at least that is the assumption **Sotheby's** is making as it prepares for the spring auction season next month.

A collection of rare objects owned by Qing dynasty emperors will fall under the hammer, including a white-jade seal carved for Emperor Qianlong that is expected to fetch more than US$6.5 million. Other imperial memorabilia for sale will include an 18th-century ceremonial pearl necklace and a ruyi scepter carved of boxwood, both believed to have been owned by Emperor Yongzheng.

The theme of the promotional materials, "Imperial Power," is designed to appeal to collectors from China keen to buy artwork and antiquities from their own country, said Nicolas Chow, Sotheby's senior director for China and Southeast Asia. Many are business people, often with "a clear sense they are buying their history back," he said.

For these buyers, an association with power and authority carries more clout than the usual approach taken with Western buyers of Asian collectibles. That approach is summed up by the title of a catalog for the same April 8 Hong Kong auction presented to Sotheby's European and North American clients: "Objects of Contemplation."

"It is really about pitching the right piece to the right clients and presenting the objects in such a way that our clients can make sense of them with their respective set of references," said Mr. Chow. "It is about understanding the objects, what they are, what they say, and having a solid grasp of our diverse clientele."

Buyers from mainland China have become important to the major auction houses. As China's economy expanded, wealthier Chinese auction buyers were gaining ground on their Western counterparts. The global economic downturn, which was less severe in China, accelerated their rise.

That makes it more important for auction houses to tailor their marketing to the Chinese, who are active in other categories as well.

**Bonhams**, which opened a Hong Kong office in 2007, initially sold only art, but soon added watches, jewelry, wine and even whiskey to its roster of Hong Kong auctions. The company also plans more promotional events on the Chinese mainland.

A representative for **Christie's International** PLC said it promotes auctions by choosing "the most appropriate lots from a sale to highlight in different countries," including countries in Asia. "The choice of such lots is made with careful consideration of cultural tastes and sensibilities," the representative said.

Christie's ran into trouble with the Chinese government last year when it auctioned off two animal bronze heads looted from China's Summer Palace in 1860. Nevertheless, the company saw the value bought by Chinese buyers world-wide in its sales rise 94% in 2009 compared with the previous year.

In a sign of the importance of the Chinese market, Christie's has dispatched one of its most experienced staffers to head its Hong Kong-based Asian operations. François Curiel, who has been with the firm for more than three decades, previously was head of Christie's jewelry division and its European chief.

WEALTH

# Older Chinese artists win at auctions

*Collectors' tastes shift from contemporary toward classical art; the average age of the top 10 living painters is 77*

By Juliet Ye

HONG KONG—In the Chinese art market, it pays to be old.

This is the lesson from the 2010 list of the top living artists from China ranked by the value of their works sold at auction over the last year. The list, compiled by Hurun Report in partnership with the Shanghai Art Museum, shows a shift in collectors' tastes toward classical art, reversing a recent trend that had favored contemporary Chinese painters. The painters whose work is benefiting the most are the ones who have been around longer.

In the top spot is 89-year-old Zhao Wuji, also spelled as Zao Wou-Ki, with total sales at public auction of US$35.1 million. That is up 32% from the previous year.

He is followed by 91-year-old Wu Guanzhong with $31.7 million, up 18%. Fan Zeng, 72, came in at No. 3 with $21.7 million in sales, almost double the level from the previous year.

The average age of the top 10 artists is 77, compared to 58 last year.

"This year, the preference amongst collectors for classical art is the most striking development," said Rupert Hoogewerf, founder of Hurun Report, which tracks information about wealthy individuals in China. In last year's list, classical and contemporary art sales were more or less evenly matched.

Overall, last year wasn't a great one for the Chinese art market. Works by the top 50 artists on the 2010 Hurun list sold a combined $258 million at auction last year, a 37% drop from the previous year.

The number of painters on the list using the traditional Chinese ink style leapt to 19 from eight last year, while the number of contemporary artists fell to 25 from 35.

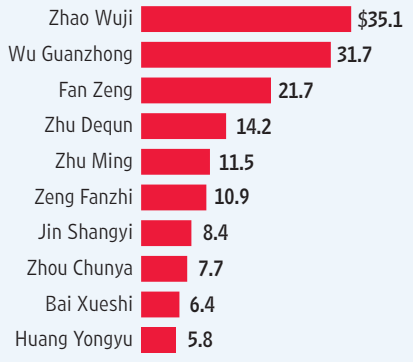
None of last year's top three—oil painters Zhang Xiaogang, Yue Minjun and Zeng Fanzhi—ranked among the top five spots this year.

However, the most expensive artwork by a living Chinese artist sold at auction in 2009 was still a contemporary piece done in oil on canvas.

Christie's Hong Kong sold "Snow Started Falling" by 90-year-old Zhu Dequn for $5.9 million. Wu Guanzhong's 1995 work "Liu Yin Mu Niu Tu Jingxin" (roughly translated as "Herding cows beneath the willow shade") ranked as the most expensive traditional Chinese ink painting sold over the past year, fetching $2.1 million.

### 2010 Hurun art list

**Top 10 Chinese living artists by sales, in millions of dollars**




Source: Hurun Report

**WSJ.com**

**Online today:** See photos of works from China's top living artists by auction sales at **asia.WSJ.com**

Sipa Press/Newscom

Zhao Wuji, also spelled as Zao Wou-Ki, is seen in his Paris studio in 2005. The 89-year-old artist had sales worth $35.1 million in public auctions last year.

# Why technology companies gained, but investors lost

By Jason Zweig

**THE INTELLIGENT INVESTOR**

Ten years ago, investors knew that technology would change the world, and they were right. But you can be 100% right about the future and end up with zero to show for it if you overpay in the first place.

On March 10, 2000, the Nasdaq Composite Index closed at a record of 5048.62, up 24% from the beginning of the year, after an 86% gain in 1999. And many were calling for the Nasdaq to hit 6000 within a year or two.

It closed Tuesday at 2340.68.

What went wrong? Looking back with 20/20 hindsight, you might think that millions of investors had gone insane. Americans in every walk of life—barbers, taxi drivers, waiters, air-traffic controllers—were convinced that they could get rich quick by trading Internet stocks.

Technology shares were going up more in a few weeks than traditional stocks normally gain in a decade: **PMC-Sierra** Inc. had tripled from the end of 1999, while **Juniper Networks** Inc. and **Inktomi** Corp. had more than doubled. **Yahoo** Inc.'s stock traded around 2,000 times the company's earnings per share. **Amazon.com**—which, like 15% of the companies on Nasdaq, had no earnings—traded at roughly 48 times its book value.

It is tempting, but wrong, to write off the tech mania as mass insanity by the ignorant and ill-informed. In March 2000, a survey of chief financial officers by Duke University found that 82% of these sophisticated insiders felt their stock was underpriced, 15% thought it correctly priced and only 3% overpriced.

Most of the consensus favorites among tech stocks turned out to be investing disasters. But in an odd way, the Internet bubble has left all of us better off, as its benefits have percolated throughout the economy and produced huge productivity gains across all sectors. The same cannot be said for all bubbles; many homeowners aren't better off just because the real-estate frenzy put millions of people into homes they couldn't afford.

Technology was transforming business so fast that "nobody knew how to value things," says Elroy Dimson, a finance professor at London Business School and co-author of the definitive history of global stock returns, "Triumph of the Optimists." Adds Prof. Dimson: "There were lots of people who thought those were crazy times, but the consensus view was that cash flows would keep growing rapidly."

Like most bubbles, the tech mania was rational and foolish at the same time. Investors foresaw a market opportunity that would be explosively profitable. Then, having no sure way to know who the winners would be, they bid up every company having anything to do with that opportunity.

Tim Bower

The Internet did change business forever, just as investors had predicted. And a handful of technology companies did strike it rich. But by far the biggest beneficiaries of the Internet boom were the companies that adopted the new technology rather than those that provided it.

When I asked Aronson+Johnson+Ortiz LP, a Philadelphia money manager, for a list of the 100 top-performing stocks over the past decade, the roster was dominated by energy, health-care, materials, industrial and even financial companies. Only eight tech stocks made the list.

That is mainly because their share prices got so inflated in the first place. As businesses, tech companies did very well. Technology was the most profitable sector in the Standard & Poor's 500-stock index in 2009, contributing $93 billion of earnings, estimates Strategas Research Partners. Since 2000, tech companies have generated $608 billion in cumulative profits. They have piled up $349 billion in cash, or 35% of the total at nonfinancial corporations.

Back in March 2000, the 10 largest tech stocks were valued at a total of $2.4 trillion, or 19% of the S&P 500's market capitalization. Since everyone was sure that the Internet was a winning technology, but no one could know exactly who the winners would be, investors paid through the nose for just about every Internet-related stock. Among those 10 biggest tech stocks: Lucent Technologies, **Nortel Networks** Corp., America Online and **Sun Microsystems** Inc., which all went on to lose most of their value.

It is a Wall Street cliche that "investors hate uncertainty." The clearest lesson of March 10, 2000, is that uncertainty is the only thing investors should like.

*Email intelligentinvestor@wsj.com*

TECHNOLOGY

# Venture firms caught in shakeout

*The companies are struggling to raise new cash, hampered by poor investment returns and a difficult economy*

By Pui-Wing Tam

The technology bubble popped a decade ago, but the venture-capital industry that helped finance the boom stayed largely intact. Now, venture-capital firms are going through their own brutal culling.

Venture firms are struggling to raise new cash, hampered by poor investment returns and a difficult economy. Last year, 125 venture funds in the U.S. collected $13.6 billion, down from 203 funds that raised $28.7 billion in 2008 and from 217 funds that raised $40.8 billion in 2007, according to data tracker VentureSource.

"There are a lot of firms that have dropped off," says Rebecca Lynn, a principal at **Morgenthaler Ventures**. "We'll see a continued shakeout as a lot of firms that aren't the top firms won't be around."

There were 794 active venture-capital firms in the U.S. at the end of 2009, meaning they have raised money in the last eight years, down from a peak of 1,023 in 2005, according to Thomson Reuters and the National Venture Capital Association.

Amid all the gloom, some start-ups are still managing to find backers. **Pacific Biosciences** Inc., which makes DNA-sequencing instruments, has raised more than $260 million and tops a list of 50 venture-funded companies compiled by research firm VentureSource, a unit of Wall Street Journal owner News Corp.

Many venture firms—which put money into young companies with the aim of profiting later when those firms are sold or go public—profited handsomely in the boom years in the late 1990s and early 2000, when the industry fueled the dot-com bubble and spawned hits such as eBay Inc. and Yahoo Inc. Even when the boom went bust, venture firms kept going because their funds typically are set up as long-term, 10-year investment vehicles that don't quickly close down like a hedge fund might.

But in the past decade, many start-ups have flopped or have struggled to go public amid an unwelcoming market for initial public offerings. The tough environment has been exacerbated by the credit crunch, which makes it difficult for many start-ups to obtain bank lines of credit, venture capitalists say.

While failed start-ups aren't new, some of the busts have been particularly big recently, with the investments selling their assets for just a fraction of the amount they raised.

Take, for example, **Copan Systems** Inc. The data-storage company raised more than $107 million in venture capital over the past eight years, according to VentureSource. Despite all the cash, the start-up fizzled: Late last month, Copan's assets were sold in a private foreclosure sale to **Silicon Graphics International** Corp. for $2 million.

"The company had some traction, but it just required too much money to get there," says Phil Siegel, a partner at venture-capital firm **Austin Ventures**, which invested in Copan. Silicon Graphics acknowledges it got a good deal.

The market has been lukewarm toward venture-backed initial public offerings since the dot-com bust in 2000 and 2001. And while some venture capitalists have profited in recent years by selling start-ups for big sums—think of Google Inc.'s $1.7 billion purchase of video site YouTube in 2006—the returns from such deals typically aren't as lucrative as those generated by IPOs.

Overall, venture-backed companies generated $17.1 billion in IPOs and mergers and acquisitions in 2009, down 34% from $26.1 billion produced in 2008, according to VentureSource.

Many venture capitalists—especially those working at lesser-known firms that don't have the same access to the best deals as high-profile firms such as Sequoia Capital and Accel Partners—don't have much of a track record to show investors as they try and garner new cash. As a result, some venture firms are winding down.

**Frazier Technology Ventures** late last year said it didn't plan to raise a new fund. Len Jordan, a partner at the venture fund, says the firm "concluded it wouldn't be successful in raising a new fund after we had spent some time trying." Frazier Technology is continuing to support the start-ups it has invested in out of its current $104 million fund, Mr. Jordan says.

Other venture firms are lowering their fund fees or are raising smaller funds than in the past. Late last year, venture-capital firm **Highland Capital** closed a $400 million fund, half the size of its previous fund, which was raised in 2006. And **Draper Fisher Jurvetson**, **Battery Ventures** and **Opus Capital** have offered lower fees to investors in recent months as they have pursued new funds.

In response to the tough environment, some venture firms are searching for better returns in new areas. While **Steamboat Ventures**, an affiliate of Walt Disney Co., has continued to exit investments in the U.S., it has also focused overseas in the past four years, particularly in markets like China, says John Ball, a Steamboat managing director.

The venture firm today has a third of its capital allocated to Asia, with two-thirds in the U.S., he says. "It's a useful way to diversify across markets," Mr. Ball says.

Meanwhile, Austin Ventures has de-emphasized its investments in young companies and is instead focused on larger private-equity deals that take $15 million to $25 million of capital, Mr. Siegel says. That arena is less crowded, he says, which means there is more opportunity. "We're moving to where the puck is going," Mr. Siegel says.

**Bright spots** | Amid the gloom, five promising start-ups that have found venture-capital backers

**1 Pacific Biosciences**
DNA sequencing machines

**Stephen Turner**
CTO

**2 Fusion-io**
Flash-memory drives

**David Flynn**
CTO

**3 HomeAway**
Online vacation rentals

**Brian Sharples**
CEO

**4 Zynga**
Online social games

**Mark Pincus**
CEO

**5 Solyndra**
Solar panels

**Christian Gronet**
CEO

For a complete ranking of the top 50 venture-backed companies, please visit WSJ.com.

Sources: Dow Jones VentureSource, the companies

# Google testing TV-search service with Dish Network

By Jessica E. Vascellaro

**Google** Inc. is testing a new television-programming search service with **Dish Network** Corp., according to people familiar with the matter, the latest development in a fast-moving race to combine Internet content with conventional TV.

The service, which runs on TV set-top boxes containing Google software, allows users to find shows on the satellite-TV service as well as video from Web sites like Google's YouTube, according to these people.

It also lets users to personalize a lineup of shows, these people said.

With the test, Google moves deeper into a crowded field of companies, large and small, that have been trying for years to marry the Web and TV and their business models—from rivals **Microsoft** Corp. and **Apple** Inc. to the manufacturers of televisions and set-top boxes.

Just last week, **TiVo** Inc. announced new digital video recorders that blend broadcast and online content.

Google's test, which began last year, is limited to a very small number of the company's employees and their families and could be discontinued at any time, said the people familiar with the matter.

Viewers in the Google test, these people said, can search by typing queries, using a keyboard rather than a remote control. Google hopes to connect the service with its nascent TV ad-brokering business, allowing it to target ads to individual households based on search and viewing data.

A Google spokeswoman said the company doesn't comment on rumor or speculation.

A spokeswoman for Dish Network, which has roughly 14 million subscribers, declined to comment.

Previous efforts to access Internet programming on TV sets have failed to catch on, partly because they required consumers to purchase extra hardware.

By working directly with an operator like Dish and its hardware, Google could avoid such issues. Unlike earlier efforts, Google's service isn't just about accessing Web content. It is also a search service that is integrated with the operator's programming.

For Google, which dominates Web search and the advertising revenue generated by it, the test represents another effort to extend its technology for delivering targeted ads into new fields, as its search business slows down.

The company is already playing a major role in the market for smart phones and mobile ads, for example, using an operating system called Android that is gaining popularity and supports a range of Google services.

Google appears to be pursuing a strategy to deliver ads across many Intenet-enabled devices from many Web sites.

The company has begun to target the market with a nascent ad-brokering business called Google TV. On the content side, its YouTube site has struck a variety of syndication deals with TV makers and console companies.

In addition to the test with Dish, Google has been talking to a range of other television-service providers and hardware makers, prodding them to use its Android-based technologies to offer a broader range of programming, a more personal experience and ads.

Google Chief Executive Eric Schmidt said in a January interview that it "makes sense that people would use Android as an operating system for set-top boxes and buddy boxes and TVs" and added "all of those ideas have been proposed by our partners."

Mr. Schmidt said Google isn't in the business of making the hardware itself, however.

But playing any major role in TV won't be easy. Despite moves to create more open standards around set-top boxes, most cable and satellite companies closely guard their set-top box software and their overall programming experience.

While many are scrambling to find ways to take advantage of programming delivered using the Internet, hardware companies and operators have tended to custom-tailor such offerings rather than offer access to all Web sites.

They may actively resist the notion of opening their services to Google.

To make TV ads more targeted, cable companies have banded together to form **Canoe Ventures**, a consortium that has agreed to roll out ads targeted at particular demographics–and eventually households—on a national scale.

The project has been delayed due to technology issues.

# India, Women and Democracy

Indian Prime Minister Manmohan Singh declared Saturday his government is committed to "all round social, economic and political empowerment of our women, whatever effort and resources the task might take." He'll even fundamentally undermine the foundations of India's democracy to do it.

That's the lesson of this week's parliamentary battle over a bill to reserve one-third of seats in national and state legislatures for the fairer sex. The ruling coalition succeeded in ramming the amendment through the upper house of parliament, the Rajya Sabha, on Tuesday. Leaders of the ruling Congress Party, opposition Bharatiya Janata Party and the minority Communists all support the idea, which has been in the works for 14 years.

It's easy to see why. Political populism has worked well for Congress for decades, and women compose about 48% of the population. Party leaders could end up wielding more power over who is chosen to run, depending on how prospective female candidates are selected. Plus they win the adoration of powerful nongovernment lobbyists, who are cheering the move as a long-overdue correction for female parliamentary "under-representation."

Bloomberg

Sonia Gandhi.

This is a cheap way to cloak the bill's antidemocratic nature. If passed, the bill would fundamentally sever the link between a parliamentarian and his constituency by preventing male politicians for running for office—or re-election—if his district was included in that year's quota calculation. It would also, perhaps unconstitutionally, infringe on a citizen's right to choose.

India's women don't need a leg up to win political power. By all accounts Sonia Gandhi, who runs the Congress Party, wields more influence than the prime minister. The president is female. A woman runs the country's largest state. And the leader of the opposition in the lower house is—guess what—a woman.

Once instituted, quotas are hard to roll back. India's Constitution mandated legislative quotas for lower-caste citizens for a period of 10 years after independence. Those quotas are still in place today because the legislature keeps passing laws to extend them.

Then there's a slippery slope problem, highlighted by the minority political parties' objections this week to the bill. They don't oppose it on the ground that it's antidemocratic—they want more quotas, based on caste, for their individual constituencies.

India has seen the destructive effects of quotas in many other areas, including education and public-sector jobs. In each case, arbitrary mandates have undermined competition and heightened opportunities for corruption.

There's no reason to think quotas for women wouldn't meet a similar fate. Far from liberating women, the women's bill will enshackle Indian citizens of both sexes and degrade democracy, perhaps permanently. What's so fair about that?

# Athens and the 'Speculators'

Greek Prime Minister George Papandreou met President Obama in Washington yesterday, hoping to win U.S. support for a crackdown on speculative traders. "Unprincipled speculators are making billions every day by betting on a Greek default," the Prime Minister said Monday, adding yesterday that Mr. Obama's response was "very positive."

The European Commission also got into the act, endorsing on Tuesday earlier calls to ban "speculative" trading in credit-default swaps on sovereign debt in Europe. These days, of course, any purchase of Greek debt is a form of speculation—a fact reflected in the 320 basis-point spread over German bonds that Greece was forced to pay.

Too bad this finger-pointing does nothing to solve Greece's actual problems. As soon as Athens presented its latest €4.8 billion austerity package last week with across-the-board spending cuts, the pressure on the euro and Greek bonds eased. While the euro strengthened against the dollar late last week, yields on Greek debt fell below 6% for the first time since mid-February. The news of deeper cuts and higher taxes even helped to facilitate a hitherto doubtful 10-year Greek bond issue.

Unfortunately, this demonstration that the markets could be assuaged by some more-vigorous belt-tightening did not put Greek conspiracy theories to rest. In protest against the planned austerity measures, Greek tax and garbage collectors again walked off their jobs. The country's two main unions have urged more than a million civil servants and private workers to strike tomorrow. This second general strike in as many weeks will paralyze much of the country.

These protests do real economic harm and thus reduce government revenues, and Mr. Papandreou also does his economy no favors by railing against the very "speculators" he needs to buy his debt. Our advice is to double down on reform, beginning by ending the civil service's constitutional right to lifelong employment. That would do more to shore up Greece's fiscal credibility than any number of tax hikes.

The bets against Greek solvency are the result, not the cause, of Greece's debt problems. The way to turn speculator profits into losses is by reining in government and reviving private growth.

# Europe's Iraqi Refugees

It is not often that a U.N. agency can legitimately claim the moral high ground. But when it comes to the question of Iraqi refugees living in Europe, the U.N.'s Refugee Agency, or UNHCR, puts more than one European country to shame.

The UNHCR has been warning that efforts to return refugees to Iraq would put many of them in grave danger: Many of them had individual reasons to flee that went beyond the general violence. But this has given countries like Sweden, Norway and the Netherlands no pause.

It's true enough that Iraq is not nearly as dangerous as it was before the Bush Administration began the surge in 2007. Last weekend's elections were the latest sign of improvement in a country that many were ready to give up for lost three years ago. Even so, the haste in Oslo, Stockholm and Amsterdam to ship Iraqis back home carries with it an unsavory whiff of disdain for refugees from a war that many in Europe opposed.

A key factor is the European welfare state, which plays its own role in this potential tragedy. Continental Europe's dismal rate of job creation makes it politically necessary to exclude asylum seekers from the job market. But this policy makes them involuntary wards of the state, driving up the cost of hosting people who might well contribute to the local economy if they were allowed to. This indignity is then compounded by the accusation that they are clinging to refugee status in order to leech off of whatever meager public support they receive while awaiting final disposition of their cases.

When European countries opened their door to fleeing Iraqis, it was partly as an implicit rebuke to the U.S. and war they opposed. Today, Iraq's progress is something to celebrate. That's a celebration to which Europe can best contribute by looking out for those Iraqis whom they generously welcomed in the first place.

# The Buy Boeing Provision

Maybe one of these decades the U.S. Air Force will get to replace its Eisenhower-era fleet of aerial-refueling tankers with planes built after their pilots were born. Until then, the Pentagon's so-called highest priority procurement program can stand as a monument to the dysfunctional politics that drive America's military purchases.

In the latest, and probably last, chapter of this sorry saga, Northrop Grumman Corp. this week dropped its bid for the $40 billion contract to build the new generation of refueling planes. The company said the terms were skewed to favor Boeing Co., which will now be the lone bidder, assuming the Pentagon goes ahead.

Talk about role reversal. Two years ago, Northrop won the contract in a competitive auction, in an upset over Boeing. Its bid came with a politically toxic catch: The Los Angeles-based company had joined with European Aeronautic Defense & Space Co. to build the planes.

Outraged Congresspersons from the Great State of Boeing—er, Washington—cloaked themselves in the American flag as cover for their pork barrelling. Boeing lodged a protest with the Government Accountability Office, Congress's investigative arm, which soon found the Air Force had made miscalculations in awarding the contract to Northrop and EADS. The Pentagon promised to review the same offers again. But Boeing threatened to pull out and leave the field to Northrop. That was a no-no in an election year. So the Pentagon scrapped that auction and started anew this year. Northrop says the revised specifications insure that Boeing's smaller, cheaper modified 767 will win.

The protectionist-patriotic claims made on Boeing's behalf have left a bad aftertaste. After this debacle, every bidder will know those rules can be violated with enough political pressure.

We have no opinion as to which plane better meets Air Force needs, and it's natural that Boeing and Northrop would use every tool to win this work. The tanker deal could end up resulting in $100 billion in U.S. orders and open a large overseas market. But parochial business interests aren't supposed to drive the security and fiscal decisions entrusted to America's elected officials.

OPINION

# What Indian Acquirers Want

[ Business Asia ]

By Anil Kumar

Indian outward investment has again been in the news lately, especially as Essar Group plans to buy U.S. coal producer Trinity Coal for $600 million, giving the global steel maker direct access to a key raw material. Bharti Airtel, India's largest mobile-phone service provider, is pushing ahead with its purchase of the African operations of Kuwait's Zain, and Reliance Industries recently attempted to buy bankrupt European chemical maker LyondellBasell. Three starts to look like a trend: After a lull during the global financial crisis, Indian businesses are back in the mergers-and-acquisitions game. The form this M&A activity is taking says a lot about the direction in which India Inc. is headed.

Indian companies are increasingly looking to the developing world for investment targets as global economic power has shifted away from the United States and Europe. The number of U.S.-bound acquisitions from India in 2009 was 75% less than the previous year, with the total value at only $300 million, according to a recent report by IMaCS Virtus Global Partners. Lack of funding amid the credit crunch in the West was a factor, but Indian companies are also adjusting to the new economic realities post recession.

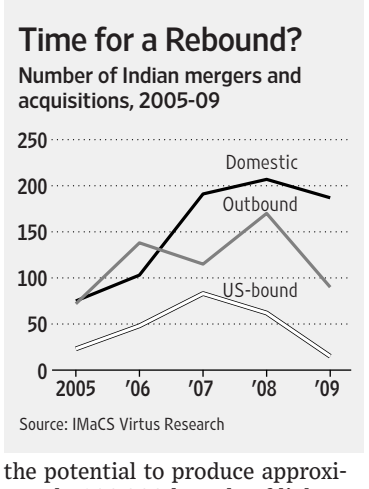
One consequence is that Indian companies are more focused on the domestic market than they were before the crisis. With projections of GDP growth second only to those of China, local investments have potential for far higher returns compared to overseas investments. It helps that over the next five years, India plans to spend more than $500 billion on energy and infrastructure projects and more than $100 billion in the defense and aerospace sector.

Local companies often lack the expertise required to manage large-scale projects. So they're using M&A to acquire skills from abroad. When GMR Group, India's leading infrastructure company, in late 2008 acquired a 50% stake in Intergen, a Netherlands-based power generation company, it gained access to Intergen's experience in development, operation and management of infrastructure projects. GMR now has the ability to develop large-scale airports, power generation plants, highways and special economic zones-related infrastructure. Mahindra and Mahindra's acquisition last December of two Australian aerospace companies provides it with the capability to meet its goal of manufacturing more than 475 small aircraft in the next five years.

When Indian companies do venture into the West it will be in sectors such as textiles, information technology and pharmaceuticals where the domestic market is competitive and margins are thin. It helps that in the U.S. and Europe, valuations are lower and financial distress is rampant in these industries. More than half of the U.S.-bound acquisitions by Indian companies last year involved bankruptcies or financial distress.

This will be a special test of managerial acumen and so far results have been mixed. In 2006, GHCL acquired large U.S.-based home textile manufacturer Dan River for $90 million with the aim of turning the ailing company around. After two years of restructuring that involved closure of all its manufacturing plants, the American company still was unable to survive competitive pressures and had to be liquidated.

Demand for natural resources is driving government-owned companies and large corporations to bid on assets in resource-rich regions such as Africa, Latin America and Indonesia. Coal India Limited is seeking to acquire mines in the U.S., Australia, South Africa and Indonesia and has launched a formal process to select from as many as 52 potential partners in these deals. ONGC Videsh along with Indian Oil Corp and Oil India has recently purchased a 40% stake in a Venezuelan oil field Carabobo-1 which has the potential to produce approximately 200,000 barrels of light crude oil per day.




Beyond the target areas and industries, the nature of the tie-ups is changing. Indian companies are seeking more collaborations than acquisitions. Instead of buying majority stakes, Indian companies are creating joint ventures, technical collaboration, distribution agreements and alliances with Western companies that have advanced capabilities and are seeking to diversify beyond their home base.

Bharat Forge, one of India's leading manufacturing companies, recently announced a joint venture with France's Alstom to manufacture power plant equipment in India. Partnerships like these are bound to increase where technical and management capabilities of a Western company complement an Indian company's experience navigating India's complex business environment. Such deals also provide Western companies a manufacturing base for sale into emerging markets, the Middle East and Africa.

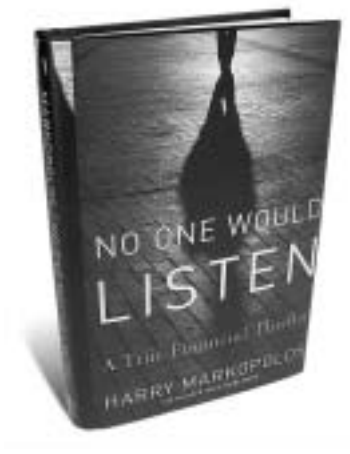
Meanwhile, Indian companies aren't just buying—they're also selling off non-core assets. Orchid Chemicals and Pharmaceuticals recently divested its non-core business in injectible drugs to U.S.-based Hospira for $400 million. Other pharmaceutical companies have done the same. Ranbaxy Laboratories and Dabur Pharma sold majority stake in their pharmaceutical businesses to Japan's Daiichi Sankyo and Germany's Fresenius Kabi, respectively; Wockhardt is in the process of selling its nutrition business to Abott Laboratories.

One striking aspect of Indian deal making is how it is adapting to the new economic realities post recession. Underlying the data and anecdotes is an emerging economy whose companies increasingly are taking their place as players in the global market. That's good for the companies, good for investors and good for India.

*Mr. Kumar is chief executive of IMaCS Virtus Global Partners, a New York-based advisory firm.*

# Shadowing a Swindler

[ Bookshelf ]




**No One Would Listen**
**By Harry Markopolos**
(Wiley, 354 pages, $27.95)

By Richard J. Tofel

A crusading legislator who had made a considerable reputation following up on whistleblower charges once told me that nearly all the whistleblowers she had met shared two qualities. First, they were onto something—that is, there was at least some truth to what they were saying. Second, they were "a little bit nuts." The jacket of "No One Would Listen" identifies Harry Markopolos as "the Madoff Whistleblower." He would seem to fit the pattern.

First, the truth part. As early as 1999, Mr. Markopolos, a derivatives analyst in Boston, suspected that Bernard Madoff's investment business—revealed to be a multi-billion-dollar Ponzi scheme in December 2008—was a fraud. Through common sense at first, but ultimately through brilliant analytical detective work, Mr. Markopolos figured out precisely what Mr. Madoff was up to—and showed why Mr. Madoff could not be earning the amazingly consistent returns that he claimed for his investors. Mr. Markopolos reported his discoveries several times to the Securities and Exchange Commission.

The response of the SEC's enforcement staff was nothing less than appalling—a complete dereliction of duty. Mr. Markopolos made detailed submissions to the SEC in 2000, 2001 and 2005, each time showing why Mr. Madoff's investment "system" was fraudulent. A range of SEC staffers in Boston and New York ignored the documents that Mr. Markopolos submitted or studied them only briefly, eventually letting the whole matter drop.

The crook simply outmatched the watchdog. As Mr. Markopolos observes: "The quants who create these financial products understand differential equations and nonnormal statistics; they program in languages the SEC doesn't speak; they run statistical packages the SEC doesn't even know exist. The quants are busy data mining with supercomputers while the SEC is still panning by hand."

The press also did not cover itself in glory. Forbes magazine ignored a tip in 2001. Barron's ran a skeptical story a few months later, but no one seemed to be listening, and no one followed up. From late 2005 to early 2007, a reporter for this newspaper actively engaged in a dialogue with Mr. Markopolos, who had told him that Mr. Madoff's exposure, as a financial event, would be the equal of the collapse of General Electric. But the reporter—the highly regarded John R. Wilke, who broke many corruption stories before he died of pancreatic cancer last year—repeatedly concluded that other strong stories on which he was working offered greater potential. A New York Times reporter made a similar decision in 2007.

Mr. Markopolos writes: "In my mind, at least, I was convinced that someone high up at the Journal had decided it was too dangerous to go after Bernie Madoff." No evidence for this charge is offered or even suggested. For the record, The Wall Street Journal's managing editor in those years, Paul Steiger, was my boss at the Journal in the mid-1990s and is my boss again, at a nonprofit news organization. Of Mr. Markopolos's claim, he says: "It is a fantasy."

Now we come to the second quality that whistleblowers often show. The author of "No One Would Listen" is fond of describing himself as "slightly eccentric," but he is not exactly self-aware. By his account, the fault for his having been ignored throughout eight years of warnings is everyone else's. But that conclusion requires ignoring much of his story.

Mr. Markopolos's first Madoff-charging submission to the SEC came at a time when his own firm was competing against Mr. Madoff's. He was clearly not trying to be selfless: "If there is a reward for uncovering fraud," he wrote to the SEC staffers, "I certainly deserve to be compensated." Mr. Markopolos later became a full-time fraud investigator. Thus he always seemed to stand to profit from the collapse of Mr. Madoff's business. The possibility of self-interest probably heightened the skepticism of those he sought to persuade.

Mr. Markopolos also limited his outreach. He developed an instant disrespect for staff members of the Massachusetts Securities Division, for instance, so he never said a word about Mr. Madoff in a meeting with them. Later he decided that he couldn't warn the director of risk management at Oppenheimer Funds, whom he calls a friend, because Oppenheimer owned a fund that was Mr. Madoff's second largest investor. Arguably, Oppenheimer's exposure was all the more reason to warn any "friend."

Mr. Markopolos tells us that for years, fearing for his own and his family's safety, he checked for bombs under his car; he also carried a loaded gun and slept with it at his bedside. He did so because he believed—though he offers no evidence—that Mr. Madoff's clients included Russian mobsters and Latin drug cartels. Even after Mr. Madoff had been jailed, Mr. Markopolos, a longtime Army reservist, feared that the SEC would invade his home, eager to capture and suppress evidence of the agency's failings: "I loaded a 12-gauge pump shotgun with double-ought buckshot, attached six more rounds to the stock, and draped a bandolier of 20 more rounds on top of my locked gun cabinet. Next I got out an old army gas mask in case they used tear gas."

None of this behavior makes Mr. Markopolos's case against Mr. Madoff any less convincing. Nor does it excuse the SEC. But it does provide a fuller picture of the author than the cardboard cut-out of the lonely hero we've been hearing about for the past 15 months. With his book, Mr. Markopolos sheds more light than he intends on just why no one would listen.

*Mr. Tofel, general manager of ProPublica, a nonprofit, investigative-journalism newsroom, worked 15 years at the Journal and was its assistant publisher in 2002-04.*

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OPINION

# An Obama Freedom Agenda for Asia

By Michael Auslin

When President Obama visits two crucial democratic nations in Asia next week, he has an opportunity to resolve uncertainty about his Asia policy by revitalizing George Bush's freedom and growth agenda in the world's most dynamic region. The trip will send the president to Australia, long one of America's staunchest allies in the world, and Indonesia, the world's largest Muslim nation and a new democracy. While there, he has the opportunity to unabashedly embrace Asia's democratic movement and establish a new strategic relationship with key Asian states. Doing so will end America's aimless Asia policy, reinvigorate Washington's alliance with Japan and send a clear message to China, North Korea and Myanmar about America's vision for Asia's future.

Indonesia was one of the key regional states in the 20th century, and its importance will become global in this century. With a population of 240 million spread over 6,000 islands, and comprised of 300 ethnic groups speaking nearly 750 languages, a successful democratic Indonesia would be the India of the 21st century: a multiethnic, multilingual society increasingly embracing liberal values.

After the resignation of long-term leader Suharto during the throes of the 1998 Asian currency crisis, Indonesian leaders have reformed the government and military, allowed independence for East Timor, and resolved the Aceh armed separatist conflict. Current President Susilo Bambang Yudhoyono has focused on development issues since taking office in 2004 and increased Indonesia's outreach to democratic nations, including the United States and Japan. Although it is the largest economy in Southeast Asia, Indonesia has a per capita GDP of barely $4,000 and faces the problems of all developing states in raising standards of living and modernizing the vast country's infrastructure.

Yet Indonesia has also increasingly played a leading role in Southeast Asia, being a charter member of the Association of Southeast Asian Nations and other regional multilateral initiatives like the East Asian Summit. It has signed a free trade agreement with Japan and, as a member of Asean, has taken a lead in environmental issues, which is not surprising for a country containing some of the most important ecosystems on Earth. A quick glance at the map underlines Indonesia's strategic importance. The country stretches from the Indian Ocean to the western Pacific, and contains the world's most crucial waterways, including the Malacca and Lombok Straits. Having suffered devastating Islamist terrorist attacks, Indonesia has also cooperated closely with Washington on antiterrorist operations in Asia.

In contrast, Australia has long been one of the most developed nations in Asia and a close U.S. ally, though not particularly involved in Asia's regional initiatives until recently. Yet, given the country's increasing economic dependence on the China market and concerns about America's long-term posture in the Pacific, Prime Minister Kevin Rudd's administration has sought to improve relations with Beijing even while attempting to maintain an indigenous military hedge against growing Chinese naval power.

Bloomberg

Embracing democracy in Southeast Asia.

Mr. Rudd has gone further, proposing a new "Asia-Pacific Community," which would deal comprehensively with regional economic, political, and security issues. Rudd's organization would include the U.S., India, and Russia, in addition to traditional Asian participants. Behind this talk of a new era of cooperation undoubtedly lies the worry that evolving trends in Asia do not favor a continued reliance on Washington to maintain stability in the Asia-Pacific.

Asian nations have openly expressed their concern at Washington's lack of involvement in the region in the past decade. The U.S. has stood on the sidelines as new free trade agreements are reached and multilateral initiatives proliferated. The growth of China's military power, in particular its navy, has worried Asian nations large and small—especially in areas of overlapping territorial claims such as the South China Sea. What was supposed to become the "Asian Century" has been diverted into the "Middle East Decade" in the minds of many in Asia who had hoped to use their growing economic power to focus global attention on their region.

Mr. Obama now has a rare opportunity to revitalize a freedom and growth agenda in Asia, if he wants to do so. Over the past two decades, democratic systems have taken firm root in South Korea, Taiwan and Mongolia. Yet democracy remains imperiled in Thailand, fragile in the Philippines, and still evolving in Indonesia, Malaysia and other states. Poverty rates in East Asia and the Pacific tumbled by over 25% in the quarter century after 1980, largely due to the gains made by market liberalization and expanded trade, yet further development of the middle class in Asian democracies is needed.

Every year brings further evidence that non-democratic regimes are not evolving, while democratic ones are in the vanguard of trying to explore how to maintain stability in Asia. Mr. Obama's trip should lay to rest questions about his goals in Asia and signal a new commitment to supporting liberal regimes and maintaining America's crucial role in the Pacific.

Mr. Obama should not seek to maintain the status quo but should unveil a bold agenda in Indonesia and Australia to use American resources to work with Asian nations to enhance maritime security, spread best standards in business and industry, reduce corruption and strengthen human rights and civil society. He should announce a new strategic relationship with Indonesia, whose goal is to overcome its reluctance to work more closely with Washington.

Establishing regular, high-level dialogues between Jakarta and Washington can also be a first step for a more meaningful American engagement with Southeast Asia. The U.S. should further develop a "liberty and prosperity" roundtable, gathering Asia's old and new liberal democracies annually, perhaps headed by Japan and Indonesia, to promote a vision of Asia's future that champions free markets, civil society and security consultations. For Washington, this would be a way to reinvigorate America's half century alliance with Japan, to encourage South Korea to play a regional role commensurate with its economic standing, and to further cement ties between India and its neighbors.

Promoting liberal values is firmly in U.S. interests and can lead to the day when a permanent American presence is less needed in the region. Mr. Obama is showing the right instincts in his choice of countries to visit. Now he should take advantage of his opportunity with a specific agenda for freedom and growth.

*Mr. Auslin is a resident scholar in Asian studies at the American Enterprise Institute.*

# Lessons of a Dow Decade

By Andy Kessler

A year ago Tuesday, the world almost ended. The stock market was in free fall, with the Dow Jones Industrial Average bottoming out at 6547, down from its Oct. 9, 2007 peak of 14164. Financials were in a death spiral and there was even talk of nationalization. Citigroup hit $1.05, GE traded at $7.41 and golden Goldman Sachs was given away at $73.95. A bear market extraordinaire.

Contrast this with 10 years ago yesterday, when the dot-com-laden NASDAQ peaked at 5048. Then we had the opposite mentality—companies like Pets.com were going to fundamentally reshape the economy in the new millennium through a nirvana of spectacular growth and well being. Or something like that. A bull run extraordinaire.

No one would blame you for thinking the market is a textbook delusional-paranoid-schizophrenic, not knowing the difference between the real and unreal. And you'd be right. But you'd miss a valuable lesson. Misallocation of capital is everywhere and anywhere a fallout of bad government policy. The South Sea Company, a government-sponsored entity with a monopoly on trade, caused the South Sea Bubble in 1720.

The late '90s Internet love fest was crazy enough, driven by former FCC Chairman Reed Hundt's misguided telecom reform that had the effect of keeping data rates artificially high. This created a gold rush to install fiber and build applications that didn't make economic sense (though electronic commerce, online banking, as well as wireless and broadband deployment would eventually prove productive over the next decade). Bad policy meant capital got overallocated and too quickly, as momentum mutual funds and day traders furiously drove up stock prices of every company with dot-com in its name.

Then, adding insult to injury, Alan Greenspan and the Federal Reserve flooded the system with money, fearing that banks would face a run brought on by the Y2K problem. The problem and the run never happened. The money ended up in the market. Mopping up that money burst the bubble. The market bottomed out on Oct. 9, 2002, when the Nasdaq hit 1114.

And the world after 9/11? Unfortunately, the accounting scandals at Enron, WorldCom and elsewhere brought us the costly Sarbanes-Oxley law, adding a complex regulatory burden so that many companies fear going public. We also got a decoupling of research from investment banking because of an alleged conflict of interest, and a Federal Reserve whose nightmare fears of deflation ushered in a long era of cheap credit.

**Capital misallocation is usually a fallout of bad government policy.**

Instead of finishing what the dot-com era started to deliver—a productive, wealth-producing economy—capital was seduced into the financial lair of private equity and real-estate mortgages. Trillions were pumped into unneeded housing stock. Fannie and Freddie fanned the flames, and then fizzled and failed. Even in 2007, one Blackstone private equity fund raised almost as much money as all of the venture capital industry.

And now? The bear market of a year ago may have ended because of the Geithner Plan, Treasury stress tests and TARP money injected onto bank balance sheets. You can go with that narrative if you'd like. Or maybe it was a change in the mark-to-market rules so banks no longer had to write down their toxic subprime loans. But the reality is that on March 18, 2009, Ben Bernanke and the Federal Reserve began their $1.2 trillion quantitative easing, buying Treasurys and mortgages and pumping dollars into a deleveraging economy. Hair of the dog. More cheap credit that again ended up in the market, helping banks refinance.

Today, we are still left with almost no initial public offerings. While private equity fund-raising was down 68% in 2009 to $96 billion, venture capital barely raised $13 billion.

Capital gains taxes are set to return to 20% on Jan. 1, 2011. And worse, investing is as uncertain as ever. No one wants to fund health care, medical devices or even much biotech if they can't figure out how they are going to be paid via reimbursements from ObamaCare. Energy investing is also a mess. And while "green" investing is booming, with few exceptions that is about efficiency rather than productivity. There's a big difference: You can make the Post Office more efficient while email makes us more productive and wealthier.

Big regulated oligopolists control our communications infrastructure. Startups are nowhere to be found. Few are willing to take the risk of true venture investing.

It's been 10 long years since the economy has created real wealth, as opposed to easy-credit induced real-estate or paper wealth. Amidst all the current confusion over health care and tax rates and energy and banking reforms, maybe it's time that the market transitions back to investments that drive productivity and increase living standards rather than just paper profits.

I'm not saying the market should transition or it ought to—you don't tell the market what to do. As we know from one and 10 years ago, the market works in weird ways and makes these transitions in the fog of something else, in this case it's the Fed's life support that is misallocating capital. When that ends, look for new eras to begin.

*Mr. Kessler, a former hedge fund manager, is the author of "How We Got Here" (Collins, 2005).*

IN DEPTH

Eva Roca

Paul Murphy, principal of St. Oliver's school in Clonmel, says his salary is back where it was three years ago.

# Irish take bitter medicine to survive the age of red ink

*Doing the right things has made life even tougher for the nation's citizens and for public servants*

By Neil Shah
*Dublin*

Debt-laden Ireland is winning applause from financial markets for quickly taking the kind of harsh economic medicine that countries around the world are putting off. But in this newly austere country, people like 35-year-old Robert Peelo are finding little cause for cheer.

Mr. Peelo, a police officer, expected the government to give him a 6% raise a year ago and build a new station at his post in Dundalk, not far from a town across the border in Northern Ireland where a car bomb exploded in February. Instead, Ireland has cut his take-home pay by 18% and mothballed the new facilities, leaving him and other Irish police, or Gardai, in temporary offices he calls "porta-cabins."

Mr. Peelo says he's paying his 30-year mortgage by cutting out vacations, skimping on paid child care for his two young children and working police shifts on Sundays. Adding to the challenge, an old Irish code prohibits him and other police from taking outside jobs.

"We know that there's an international crisis and that our pay will be affected," says Mr. Peelo, whose work vehicle has more than 180,000 miles on it. "But there has to be some sense in it."

The hard choices forced upon Ireland are confronting governments around the world. The U.S. and Britain have huge budget deficits that are potent political issues. Cash-strapped cities and states in the U.S. are slashing services. The pressures are acute in the smaller members of the 16-nation euro zone, where fears of a debt default by Greece have shaken the Continent.

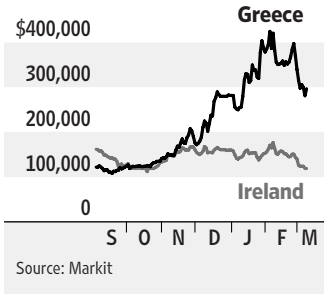
Late last year, Ireland looked a lot like Greece. The financial crisis coincided with a housing bust that left Ireland's banks in terrible shape, requiring a government rescue. Ireland's fiscal deficit rose to almost 12% of gross domestic product—a shade under Greece's 12.7%.

But unlike Greece—where protests and strikes are expected to escalate this week after the government unveiled new spending cuts and tax increases after months of foot-dragging—Ireland took swift measures to snuff out fears of a default.

Irish teachers and police have had their gross salaries slashed by as much as 15%, with new across-the-board taxes taking an additional cut. Dublin also reduced welfare benefits, helping to turn the once-booming Celtic Tiger into the austerity leader in Europe. The European Union is now pressing Greece to do the same—and Portugal, Spain and Italy may not be far behind.

**Parting ways**

**The annual cost of insuring $10 million of government debt against a default for five years**




Source: Markit

Ireland's efforts are paying off in one respect: The country's financial picture has improved in comparison with other troubled countries in the euro zone. In November, the cost to insure against a debt default in Greece and Ireland was the same. Since then, the cost to insure against an Irish default has fallen 20% while Greek insurance has roughly doubled. The difference is also apparent in debt-financing costs: Last week, Athens was forced to offer investors in its new 10-year bond a 6.3% yield, more than 1.5 percentage points above Ireland's cost last month for similar bonds.

"I think Ireland will bounce back quicker than people think," says Scott MacDonald, head of research at Stamford, Conn.-based investment fund Aladdin Capital Management LLC, which oversees some $12 billion. "They're doing the right things."

But doing the right things has made life more difficult for Ireland's 4.5 million citizens, particularly for the country's public servants. Salary cuts are already raising the ire of government workers and could risk increased strikes. Thus far, despite widespread grumbling and some work stoppages, the ruling Fianna Fail party has pushed through aggressive changes.

The belt-tightening isn't expected to ease soon. Lower salaries mean the Irish have less money in their pockets, potentially damping consumer spending, which fuels about 50% of the economy. Ireland's central bank sees gross domestic product shrinking 1% this year despite having edged into positive territory in the third quarter of last year.

"While on an international level Ireland is perceived as being proactive, the reality on the ground is that people are suffering," says Paul Murphy, a 46-year-old principal at St. Oliver's, a Catholic school in Clonmel, about 160 kilometers south of Dublin.

A spokesman for Ireland's Department of Finance said public servants have made a "substantial contribution" to reducing public spending and the government realizes the cuts are hard. "But they are a matter of necessity in these difficult economic and financial times," he said.

Voters have grown disenchanted. Fianna Fail, led by Prime Minister Brian Cowen, polls in the mid-to-high 20 percentage point range—the lowest ratings for the biggest political party since the 1920s, according to the Economic and Social Research Institute, a Dublin-based think tank. The opposition Fine Gael polls only slightly better. So far, Mr. Cowen and finance chief Brian Lenihan have resisted calls to raise corporate taxes, which at 12.5% are among Europe's lowest. They believe the country's growth, especially in the high-tech and pharmaceuticals, depends on maintaining a business-friendly climate.

Ireland also favors remaining in the euro, which many people believe helped fuel its remarkable growth last decade. Upon joining the euro in 1999, Ireland could suddenly borrow at lower interest rates. That cheap credit—along with Ireland's effort to cultivate its real-estate market—pushed its economy up an annualized 5.3% a year on average from 2000 to 2005.

But euro membership also makes economic recovery tricky. Ireland can't devalue its currency—a move that would make its country inns cheaper for tourists and its exports more attractive globally—because the euro is managed by the European Central Bank. It also can't cut interest rates because those, too, are controlled by the ECB. So Ireland, like many of the euro zone's weaker economies, will have to boost competitiveness the hard way—by cutting wages at a time when workers are already struggling to pay bills.

In the middle of that effort are Ireland's 14,500 Gardai, a combined national police force, intelligence agency and secret service. The Gardai obey a professional code, made into law in 1923, that aims to protect officers from bias. It prevents them from running bars, owning taxis, carrying weapons on duty or playing in musical bands, union officials say. Three particular restrictions have recently become problematic: Gardai can't strike, hold second jobs to pay the bills or default on their debts, lest they risk losing their jobs.

When Ireland boomed, such restrictions made the Gardai especially credit-worthy borrowers, prompting lenders to encourage police to take on debt, officers say. Now, many are suffering from the hangover of their borrowing binges without the ability to pay their bills by moonlighting.

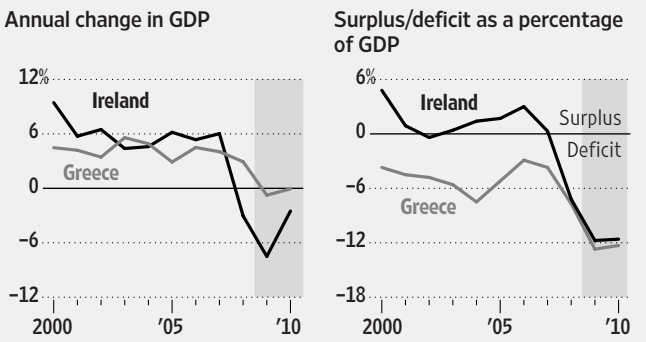
Several Gardai contacted for this article said they were in such a position. About four years ago, officer Peter Egan, now 30, moved out of his parents' house in Dublin and bought a two-bedroom apartment. As Ireland's property bubble burst, he borrowed more cash to buy and renovate a larger, run-down house, hoping to sell the apartment to offset some of the house's cost. The market dived, and now Mr. Egan has more than €550,000 (about $750,000) in total mortgage debt, about €100,000 more than he's been told he could get now for the two properties, if he could find a buyer.

The pay cuts now add to the pressure."I saw an opportunity to step up the ladder," says Mr. Egan, stationed in Tallaght, a busy station in Dublin. "But in the meantime, a bomb went off and the economy went crashing. I'm lucky I don't have a family, because, to be honest, I wouldn't be able to provide for them."

Neil Ward, editor of Garda Review, a police-force magazine, said that while some people consider the code draconian, he knows of no plans to change it. But he added: "We fear [the enforcement of the clause against default] in the current climate where, for the first time in Ireland's history, Gardai have been afforded loans that are now beyond their means."

## Budget trouble

**Ireland and Greece have seen their budget deficits balloon during the recession. However, Ireland has moved faster to impose tough austerity measures.**




Note: 2009 data are estimates 2010 are forecasts
Source: IMF (GDP); Eurostat (deficit); Ireland Dept. of Finance (2009, 2010 deficit estimates)

In 2007, at the height of the boom, the Gardai drew up plans to build Ireland's biggest police station, on Dublin's Kevin Street. In preparation, the Irish government bought the site for €40 million and sold other stations. Now, at a time when burglary rates are up 9% countrywide, the plans are suspended: The site, which rests on old Viking ruins, has been padlocked, its partially dug grounds puddled with rain.

Ireland's problems are likely not as deep or entrenched as Greece's. Ireland's young population—35.7 years old, on average, to Greece's 42 years—may help the recovery since there are fewer aging pensioners requiring public support. Migrants from Poland and other countries are leaving, too, which could take pressure off unemployment, currently 12.6%, higher than the euro zone's 9.9% average.

While Ireland's cutbacks hit public-sector workers hard, the broader recession has arguably been tougher on private-sector workers, who account for more than 80% of the work force. According to Ireland's Central Statistics Office, the number of employed private-sector workers has dropped by roughly 15% since September 2007. The number of public-sector workers with jobs, by contrast, rose about 5% over the same period.

Debate over the extent to which the public sector should shoulder the burden has occupied Ireland's radio waves and roiled dinner tables for months.

Many private-sector workers have little sympathy for police officers, teachers and nurses, who receive guaranteed benefits. "Everybody needs to get real," says Stephen O'Regan, a 26-year-old Internet entrepreneur, referring to some public-sector workers who have threatened work actions. "They're going on strike, because they aren't getting the salary increases they wanted?"

The Irish government says its measures have been fair. Last spring, the government raised special levies on personal income that affected all Irish. Then, in December, officials slashed 5% of civil servants' first €30,000 of income and 7.5% of any pay between €30,000 and €70,000. The next €55,000 saw a 10% cut. Because Ireland is also facing the possibility of a prolonged fall in prices—deflation—the cuts are considered more manageable.

John Monaghan, a professor at Trinity College Dublin and national vice president of charity organization Society of St. Vincent de Paul, says the decision to cut €760 million from social-welfare programs could have bitter consequences. "People are really angry," he says. "And they're being told that it's necessary to get the economy going."

Public-sector worker Michelle Kavanagh isn't sure where the spark will come from. Ms. Kavanagh, 26, has worked for more than six years for the Department of Justice, in a clerical job. Now, she has seen her annual after-tax pay fall to €20,000 from more than €25,000. Ms. Kavanagh says she has high child-care costs and borrows from her mother to take her 7-year-old daughter, Aoibhean, to the doctor, where routine visits can top €50. She also helps care for her longtime boyfriend's three kids. To make ends meet, she often works 70 hours a week, getting to Justice at 8:30 a.m., returning home to cook dinner at 6, and then heading to a second job at a nearby club, often finishing at 2 a.m.

She says she's making less money there than she used to, as is her boyfriend. Last Christmas, a holiday tip jar amounted to €30 each for the bar's eight staff. In 2008, the bar's 12 employees got €250 each. "If they bring another pay cut, I don't know what I'll do," she says. "I can't work any more hours."

## WSJ.com

**Online today:** See how the spread on Irish government bonds has changed in comparison with those of Italy, Greece and others at **WSJ.com/World**

The hard choices forced upon Ireland are confronting governments around the world. The U.S. and Britain have huge budget deficits that are potent political issues. Cash-strapped cities and states in the U.S. are slashing services. The pressures are acute in the smaller members of the 16-nation euro zone, where fears of a debt default by Greece have shaken the Continent.

Eva Roca

Robert Peelo, a police officer, expected the government to give him a 6% raise a year ago. Instead, Ireland has cut his take-home pay by 18%.

FROM PAGE ONE

# Activists test China's vow of openness

*Continued from first page*
its contents were a state secret. Later, under a wave of bad press, it said it would publish part of its finances this year.

Last week, a prominent Chinese activist and artist sued the Ministry of Civil Affairs for allegedly failing to respond to his information request about the toll and cost of the 2008 Sichuan quake. Ai Weiwei said he had filed a request in November asking the ministry how many buildings fell in the quake, how much was donated and how much recovery cost, among other things.

Mr. Ai said the ministry didn't respond, so he filed suit last week in the Beijing No. 2 Intermediate Court demanding the information. The ministry and court didn't respond to requests to comment.

"In China, there is a deeply entrenched culture of secrecy, arrogance and privilege on the part of the government and its officials," wrote Fu Hualing, a law professor at the University of Hong Kong, in China Rights Forum, a human-rights publication. The open government regulations potentially offer "a sword for citizens to fight against malfeasance by monitoring the government effectively."

China's regulations on open government information went into effect in May 2008 after they were passed a year earlier by the State Council, China's cabinet. Similar to the U.S.'s Freedom of Information Act but weaker, they were established to comply with World Trade Organization transparency requirements as well as to help the central government uncover local corruption and increase Chinese companies' competitiveness, said Peking University law professor Shen Kui, a specialist in constitutional law.

Mr. Shen and his colleagues decided to test the new rules almost immediately, applying to find out how tolls from the expressway to Beijing's airport were being spent. City agencies passed the question to the highway operator, which objected that its budget is commercially sensitive, according to Mr. Shen and media accounts. The city government declined to comment.

Stephen Shaver for The Wall Street Journal

Chinese artist Ai Weiwei stands in front of a list of missing and found children he has compiled during the aftermath of the Sichuan earthquake.

An entrepreneur in southern China was having better luck. Wu Junliang returned to China after 20 years in the U.S., where he was an avid observer of politics. While working at a financial firm in Shenzhen, he and a group of volunteers requested budget information from dozens of local and regional governments in an attempt to understand how their tax payments were being spent.

"I'm trying to raise taxpayers' consciousness by letting them see where their money is going," Mr. Wu said. "Letting them know what their rights are—that's democratic progress."

To the applicants' surprise, in 2008 the Shenzhen municipal government allowed them to review the books. The official who escorted them didn't allow copies, but did let them photograph several hundred pages.

When they sent out requests a year later, Guangzhou, the capital of Guangdong province, also agreed to open its records. The city budget—about two gigabytes' worth of data—was too big to email. City officials posted it online. Public response was so great that the site crashed soon after it went up.

China's state-controlled media gave the move widespread and positive coverage. Lavish spending on a kindergarten for city officials' children, overseas trips and cars drew public ire, Mr. Wu said, prompting the government to promise reforms. This year's budget hasn't been published yet.

Back in Beijing, Mr. Ren is less optimistic that he will learn how the government has spent the electricity levy. Mr. Ren, a 24-year-old constitutional law scholar, works at the Transition Institute, a small think tank that operates in a chilly office above a music school and is funded largely through consulting work.

The son of poor farmers from Western China's arid Gansu Province, Mr. Ren started looking into the Three Gorges finances while setting up a Web site about the dam. The hydropower project was built despite strong reservations within China and abroad, forced the relocation of some 1.3 million people, and has since been criticized for its adverse environmental impact.

Beijing has considered the Three Gorges budget a state secret. When first approved in 1992, construction was estimated to cost around $8 billion. Last year, the government said the dam, including relocation, cost about $37 billion. Some critics estimate the true cost is as much as twice that much. Beijing has said some of the dam's resettlement funds were misused by local governments but pledged to clean up the problems.

This past fall, Mr. Ren petitioned the Ministry of Finance for a full accounting.

A spokesman for the ministry said it answered Mr. Ren's request, pointing to published figures for the dam's 2008 construction budget, where income was 20.26 billion yuan (about $3 billion at current rates) and spending was 20.456 billion yuan. But Mr. Ren wants data from the more than 10 years the electricity levy has been in place.

In January, he sued the ministry. He is waiting to find out if the courts will accept his case.

Should they turn him down, he is already prepared an appeal. "I'm an electricity consumer, I paid this money," he said. "I should know how they use it."

*—Kersten Zhang contributed to this article.*

# China's surge in housing sales begins to ease

*Continued from first page*
People's Congress, the legislature.

Premier Wen Jiabao and other officials have repeatedly said the government plans to tackle the problems in the housing market by boosting the supply of subsidized housing and cracking down on speculative demand.

Government policies aimed at deterring speculators now require a 40% down payment for second homes, compared with 30% for first-time mortgage seekers. Banks are facing government pressure to keep lending under control, and some have raised mortgage rates in recent months. Mr. Jiang says those changes have helped to turn buying a new home from a very expensive proposition to a simply unaffordable one for him.

Government officials are still moving cautiously, haunted by the memory of what many now think was an overly aggressive crackdown on a real-estate boom in 2008 that ended up shutting down the market for months.

"There is no need to issue new policies now," as officials are still evaluating the effects of measures already taken, deputy central bank governor Su Ning said Monday. This week's legislative session hasn't produced any new policies on housing.

"If they did feel things were getting hot right now they could intervene immediately," said Andy Rothman, China strategist for brokerage CLSA. "I see no indication at all that they want to crash the market."

Some property analysts do expect prices to ease later this year, as the burst of new housing that developers started last year is finished and comes on the market. "We anticipate that around the middle of this year we could see a potential turning point from more of a seller's market to more of a buyer's market," said Bei Fu, an associate director at Standard & Poor's.

That timing could suit potential home buyers like Qu Lei, a 28-year-old who has started his own consulting company. He has been driving around Beijing looking at housing since November, but has been put off by what he calls the "crazy" prices being asked. "I will wait to May to see whether it's time to buy," he said.

Mr. Qu still thinks housing prices in China are headed up over the long term. That view is widespread—one of the reasons why real estate is now the preferred investment for the Chinese upper classes. Even the government has a hard time arguing with it.

Reuters

China's housing market is showing signs of cooling. Above, a construction worker in a financial district in Shanghai

"I personally think that for the next 20 years there will be great pressure on China's housing prices to rise, since these years will be a period of rapid urbanization and industrialization. The demand is pretty big and the supply of land is limited," housing minister Jiang Weixin said Monday.

*—Sue Feng contributed to this article.*

**Zheng Hui: A modern banker with a foot in the past**
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BUSINESS & FINANCE.

Thursday, March 11, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

# Beijing limits bonuses at banks

China issued guidelines governing the payout of bonuses to executives at Chinese financial companies, joining the ranks of countries trying to discourage excessive risk taking by changing the way senior bankers are paid.

Under the rules, banks should retain at least 40% of the funds budgeted for bonus payments against possible future risks.

They can then pay out the retained funds after a lockup period of three years, the China Banking Regulatory Commission said in a statement Wednesday.

If the banks have significant losses, they will have the power to take back previously paid bonuses and stop further payments, the regulator said.

The new rules also limit bonus payments for senior managers to no more than three times their base salary.

The global financial crisis prompted a re-examination of executive pay in the U.S. and other countries. In China, salary levels have risen in recent years with rising profits, but executives in the financial sector generally earn a fraction of what their counterparts at Western companies make—even though China's banks are among the largest in the world and have mainly avoided the losses that crippled many foreign counterparts.

In 2008, **Industrial & Commercial Bank of China** Ltd. Chairman Jiang Jianqing received total compensation of about $236,000, according to the bank's annual report. **Citigroup** CEO Vikram Pandit received more than $38 million that year. (For 2009, Mr. Pandit received cash compensation of $128,751 after cutting his salary to $1 in February 2009.)

Still, compensation in the financial sector has been a contentious subject in China, where almost all major banks and insurers are majority-owned by the government, and most top executives are appointed by the ruling Communist Party.

China moved early in the crisis to rein in financial-sector pay. The Ministry of Finance issued a notice in April saying it had capped total

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## Not quite Wall Street

2008 remuneration for top executives at China's three biggest listed banks, in U.S. dollars

**Bank of China**

| Xiao Gang | Li Lihui |
|---|---|
| Chairman | President |
| $220,761 | $226,181 |

**ICBC**

| Jiang Jianqing | Yang Kaisheng |
|---|---|
| Chairman | President |
| $235,849 | $224,862 |

**China Construction Bank**

| Guo Shuqing | Zhang Jianguo |
|---|---|
| Chairman | President |
| $229,843 | $228,671 |

Sources: Bank 2008 annual reports, Bloomberg News (photos)

# China Mobile to buy Pudong Bank stake

By Lorraine Luk

HONG KONG—**China Mobile** Ltd. on Wednesday said it agreed to buy a 20% stake in **Shanghai Pudong Development Bank** Co. for 39.8 billion yuan ($5.83 billion) as the mobile operator seeks to expand into mobile-payment services.

China Mobile, the world's largest mobile carrier by subscribers, joins telecommunications operators in Japan and South Korea that have agreements with banks to offer payment services via cellphones as a way to generate additional revenue.

South Korea's biggest telecom operator by revenue, SK Telecom Co., agreed late last year to buy a 49% stake in the credit-card unit of Hana Financial Group for $343 million to introduce products that bundle banking and telecom services. China Mobile has been offering services on a trial basis in a handful of cities in recent years.

China Mobile said its unit, Guangdong Mobile, will buy 2.21 billion new shares in the Chinese lender at 18.03 yuan each, a 13% discount to Shanghai Pudong's last traded price of 20.74 yuan on Feb. 25. The lender's shares have been suspended from trading since Feb. 26, when it said it planned to introduce a strategic investor.

Shanghai Pudong confirmed the agreement with China Mobile on Wednesday, saying it will use the proceeds of the stake sale to meet the stricter capital requirement set by China's banking regulator.

China Mobile's planned investment in the lender will be subject to a 36-month lockup period, during which it wouldn't be able to sell the shares it has acquired.

The agreement comes after China Mobile said last week it was in preliminary talks with Shanghai Pudong about a stake purchase and strategic cooperation to support its push into mobile e-commerce.

Xinhua news agency reported last month total transactions in China's mobile-payment market will likely rise to 2.85 billion yuan this year from 1.97 billion yuan last year and the user base may expand to 150 million by year-end from 82.5 million the year before.

In a statement Wednesday, China Mobile said the stake purchase would make the company the bank's second-largest shareholder. **Shanghai International Group** and its affiliates will remain the largest shareholder of Shanghai Pudong, with a 24.3% stake. **Citigroup** Inc. also holds 3.4% of the lender. China Mobile said it will settle the payment using internal resources. It didn't provide additional details.

The deal is also subject to the approval of shareholders, the government and relevant regulatory authorities, including the China Banking Regulatory Commission, China Securities Regulatory Commission and the state-owned Assets Supervision and Administration Commission, or SASAC.

China Mobile also said it could name at least three directors to the bank's board but it won't seek to

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RECOVERY IS NO TIME TO REST
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2200 stocks under coverage
$US100 billion of M&A activity advised in 2009
14,000 people
Corporate advisory
Capital markets
Securities
FICC
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A Shopper Stop employee arranges cosmetics at the GVK One Mall in Hyderabad.

# Women spur Indian retailer

*Shoppers Stop says rise in 'glamour' media has increased sales of Western clothes*

By Eric Bellman

MUMBAI—A rise in India of women's incomes and independence— as well as a proliferation of new magazines, TV shows and movies glorifying glamour—have spurred buying of Western clothes and beauty products at **Shoppers Stop**, President and Chief Executive officer Govind Shrikhande said.

The executive at one of India's largest retail groups, which has interests in department stores, book stores and grocery stores, said that traditionally men have done most of the shopping in India but the situation is rapidly changing. "Indian women are catching up," he said, at his company's headquarters in Mumbai. "They are becoming more conscious about their style."

Shoppers Stop expects revenue to grow 12% in the fiscal year ending this month. Mr. Shrikhande said growth would have been weaker without women shoppers.

In the first nine months of the year, when most divisions recorded little or negative growth, sales of women's Western apparel rose 9% and beauty products climbed 15%, he said. Women's products now make up 22% of the company's revenue, up from only 7% two years ago.

The company is planning to open 24 new Shoppers Stop department stores over the next three years. It currently has 29 stores. It will open two new outlets this month and another 10 in the next fiscal year. The new stores should help lift revenue by around 35% in the year starting April 1, said Mr. Shrikhande.

During the last retail boom, which peaked a couple of years ago, Shoppers Stop experimented with different types of retail, including the Argos catalog business and food outlets. It has now decided to stick to its core competency of targeting the upper-middle-class consumer.

"All new formats came under tremendous pressure, so we are going back to basics," he said. "We are not in the mass, mass market."

Shoppers Stop is trying to boost its high-end profile by bringing in international brands like Mothercare, a U.K. brand of maternity wear. It is also likely boost its holdings in **Hypercity Retail (India)** Ltd. a high-end hypermarket, in coming months, he said. Shoppers Stop has the option to boost its stake to 51% from its current holdings of 19%.

While the retail industry is starting to look up again, Mr. Shrikhande warned that the next six weeks could be slow because the Indian Premier League cricket season as well as an expected dearth of big Bollywood releases may mean fewer shoppers will be going to malls.

*—Arlene Chang contributed to this article.*

# Citigroup plans to bolster private-banking force

By Brett Philbin

NEW YORK—**Citigroup** Inc. plans to roughly double the size of its private-banker force in North America over the next several years.

In an interview with Dow Jones Newswires, Citi Private Bank's North America Chief Executive Peter Charrington said he would like the unit, which boasts 130 bankers, to reach a total of about 260.

Building up the private bank, which targets investors with a net worth of at least $25 million, is an important growth area for Citigroup after the bank formed a joint venture with its Smith Barney brokerage and **Morgan Stanley** nearly a year ago.

"We have 22 locations in North America and will add selectively by putting talent in key markets," Mr. Charrington said.

Mr. Charrington was named CEO of Private Bank, North America in June after leading Citigroup's ultra-high-net worth businesses in the United Kingdom, Israel and Monaco.

The Private Bank also added regional executives such as Michael Smith and Mark Connally from Barclays Wealth, a unit of **Barclays** PLC, who are tasked with recruiting additional talent.

Citi Private Bank has $90 billion in client business volume, which includes investments and cash management. The Private Bank also has an ultra-high-net-worth business.

# Move to sell Hynix stake advances

By Jung-Ah Lee

SEOUL—Creditors of **Hynix Semiconductor** Inc. selected six lead managers to sell a roughly 7% stake in the chip maker in a block trade, a person close to the matter said, raising hopes the sale will take place sooner than expected.

The lead managers are Credit Suisse, Nomura Securities and four local firms, Woori Investment & Securities, NH Investment & Securities, Daewoo Securities and Shinhan Investment Corp., the person said.

The planned block sale follows two failed attempts to unload part of the 28% stake held collectively by creditors, which became shareholders after several debt-for-equity swaps to help the company stave off bankruptcy. The 28% stake is currently valued at around $3.1 billion.

Shares of Hynix, the second-largest computer memory-chip maker by revenue after Samsung Electronics Co., rose 3.2% on the news Wednesday in Seoul, outperforming the benchmark index's flat finish.

"The likely earlier-than-expected stake sale will certainly remove uncertainties regarding the stake sale sooner than expected and lead to a rerating of Hynix's stock to fairly reflect strong industry fundamentals," said Won Seo, an analyst at NH Investment & Securities.

Korea Exchange Bank said in late February that Hynix's creditors agreed to sell a 13% stake this year through a block sale, with 8% to be sold in the first half of the year and the remaining 5% in the second half.

The 6.62% stake sale for which the lead managers have been picked will exclude a 1.38% stake held by **Korea Finance** Corp., the person said. A Korea Finance spokesman confirmed the company won't take part in a stake sale in the first half but declined to elaborate.

Hynix said creditors can decide on the stake sale, but declined to comment further.

Last month, creditors failed to unload their controlling stake in the chip maker for the second time due to lack of interest. Their first attempt took place in November.

*—Soo-kyung Seo contributed to this article.*

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# Munich Re net soars as claims fall

*Insurer expects sizable profit growth in 2010, despite payouts for natural disasters; Swiss Re swings to a profit*

By Ulrike Dauer And Martin Gelnar

**Munich Re** AG, one of the world's largest reinsurers, said fourth-quarter net profit surged due to lower claims for natural disasters, an improved investment result and higher premium income.

The company's net profit rose to €760 million ($1.03 billion) from €123 million a year earlier. Full-year net profit was €2.52 billion, up from €1.56 billion.

Munich Re also said Wednesday it expects a 2010 profit of more than €2 billion, which it considers achievable despite a bill of up to €600 million for the earthquake in Chile and the European winter storm Xynthia.

Rival **Swiss Reinsurance** Co., meanwhile, said its losses stemming from the earthquake in Chile are about $500 million and that claims from Xynthia would cost it about $100 million. Total losses for the insurance sector for the Chilean earthquake are estimated at $4 billion to $7 billion, Swiss Re said.

Associated Press

Damage from the Chilean earthquake, above, will cost Swiss Re about $500 million.

The loss will have an impact on Swiss Re's earnings, Zuercher Kantonalbank analyst Georg Marti said, noting that the estimate still contains uncertainties. In the fourth quarter, Swiss Re achieved a net profit of 403 million Swiss francs ($374.7 million), compared with a net loss of 1.75 billion francs.

Warren Buffett's **Berkshire Hathaway** Inc. owns a stake in Swiss Re and helped the Swiss reinsurer with a three billion franc loan last year. Mr. Buffett also owns a stake in Munich Re.

Munich Re expects 2010 gross premium income of €41 billion to €43 billion, from €41.4 billion in 2009. It also said it expects a further "increase in results" for 2011 compared with 2010 and will adhere to its long-term goal of a 15% return on risk-adjusted capital.

"We have brought the financial year 2009 to a successful close: With a profit of over €2.5 billion, we were even able to surpass expectations and achieve our long-term return target despite the difficult environment," Chief Executive Officer Nikolaus von Bomhard said.

Munich Re raised its dividend for 2009 to €5.75 a share, from €5.50.

The group plans to invest more in renewable energies and other new technologies. It said it will also consider further share buybacks; it has completed about two-thirds of a €1 billion buyback.

# Builder's investors accept KDB offer

By Kyong-Ae Choi

SEOUL—Financial investors in **Daewoo Engineering & Construction** Co. unanimously accepted a revised offer from a private-equity fund owned by **Korea Development Bank** for their stake in the builder, paving the way for its restructuring, KDB said Wednesday.

State-run KDB is the main creditor of Daewoo Engineering's parent, **Kumho Asiana Group**, a cash-strapped conglomerate whose attempts to restructure debt at two of its core affiliates have been delayed by the hurdles faced in selling the builder.

**A revised bid for Daewoo Engineering came from a private-equity fund owned by Korea Development Bank and paves the way for the builder's restructuring.**

Eighteen of the key investors can cash in put options worth 39.6% of Daewoo Engineering at a higher price than the trading price of Daewoo Engineering shares, potentially bankrupting Kumho Asiana.

Kumho Asiana, which has businesses in airlines, logistics and construction, began facing a cash crunch following its heavily leveraged purchase of Daewoo Engineering, which was done with the help of the financial investors in late 2006. Now, after its deal initially faced opposition, the private equity fund led by KDB—which agreed in late December to buy Daewoo Engineering—has appeased the investors by allowing them to join the fund if they want.

"With this unanimous agreement [by the investors in the KDB-led fund's purchase], a major hurdle has been cleared for the group's restructuring process," KDB spokesman Moon Yong-ki said.

At the end of last year, KDB asked the investors to sell their 39.6% stake in Daewoo Engineering at 18,000 won ($15.86) per share and receive the difference between 18,000 won and the 32,000 won at which they could exercise their put options in the form of a stake in Kumho Industrial Co., a construction affiliate of the group, in a debt-for-equity swap.

That offer failed to get approval from all of the investors, so on March 3, KDB offered the investors that opposed the original deal the chance to join its private-equity fund in buying Daewoo Engineering. Shares in Daewoo Engineering closed Monday at 11,900 won.

KDB didn't say which option the investors chose in their written agreements, but noted it now had full support from them to go ahead with the private-equity fund purchase of Daewoo Engineering.

"KDB gave us more leeway by coming up with an advanced version of multiple choices from its previous all-or-nothing stance," one of the investors said.

Analysts said, however—given that the outlook for South Korea's construction industry remains bleak and there is no guarantee Daewoo Engineering's share price will head up—that investors had few reasons to join the KDB-led fund unless they were offered other incentives.

"It depends on each financial investor's appetite, but those which have a high-risk, high-return investment strategy may have joined the fund," said Kang Kwang-sook at Samsung Securities.

The KDB spokesman dismissed any possibility of providing incentives for the investors to join the fund. "Financial investors who decided to be part of the fund are betting on a positive future for Daewoo Engineering," he said.


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BNI Full Year 2009 Results

▲ 21.0% Fee Based Income

0.8% Net NPL

▲ 103.2% Net Income

| (IDR billion) | December 2008 | December 2009 | % |
|---|---|---|---|
| Net Interest Income | 9,912 | 11,133 | 12.3% ▲ |
| Non Interest Income | 3,549 | 4,295 | 21.0% ▲ |
| Net Income | 1,222 | 2,484 | 103.2% ▲ |
| Total Assets | 201,741 | 227,497 | 12.8% ▲ |
| Loan Outstanding | 111,994 | 120,843 | 7.9% ▲ |
| Customer Deposits | 163,164 | 188,469 | 15.5% ▲ |
| Net Interest Margin (NIM) | 6.3% | 6.0% | 4.8% ▼ |
| Cost to Income Ratio (CIR) | 53.5% | 51.8% | 3.2% ▼ |
| Net Non Performing Loan | 1.7% | 0.8% | 52.9% ▼ |

BNI continue to maintain growth and deliver a solid financial performance, year after year. The results for fiscal year 2009 are a testament yet again of our fine standing and reputation among the leading banks in Indonesia today. In addition to excellent financial performance, BNI continue to achieve excellence in other aspects of its operations as well, as shown by the various recognitions received during 2009. For BNI, these achievements serve to assert its continuing commitment to deliver excellence as a bank with a reputation for service and performance, and the pride of Indonesia.

Green Leadership Award · Community Engagement Award · Best Remittance Provider in South East Asia · Best Corporate Governance · Annual Report Awards · BBNI added to MSCI Index · BBNI added to SRI KEHATI Index

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CORPORATE NEWS

# Airlines find ways to trim fuel use

*Carbon emissions, flight times also can be reduced with better air-traffic management, according to study*

By Daniel Michaels

Airlines, airports and aviation regulators in the U.S. and Europe have found inexpensive ways to cut fuel consumption, carbon emissions and flight times by cooperating more effectively on air-traffic management, officials involved in a trans-Atlantic study said.

By carefully planning flight paths and improving communication among air controllers, carriers and airports, major airlines should be able to reduce fuel consumption by up to 2%—or many thousands of tons—on flights between America and Europe, the analysis indicates. Carbon-dioxide emissions are directly related to the volume of fuel burned, so greater efficiency proportionally decreases production of the greenhouse gas.

Initial data from the continuing study were released Tuesday by the U.S. Federal Aviation Administration and the European air-traffic organization Sesar. The two are jointly running the initiative, called the Atlantic Interoperability Initiative to Reduce Emissions, or AIRE. The project looked for inexpensive ways to make aviation greener at all stages of a flight. Savings come from measures such as reducing engine thrust when possible and flying at optimal altitudes.

Participants include about 30 government agencies and private companies, such as **AMR** Corp.'s American Airlines, **Air France-KLM** SA, **Boeing** Co. and the Airbus unit of **European Aeronautic Defence & Space** Co. Many airlines have criticized delays in modernizing air-traffic control systems in the U.S. and European Union, and welcomed the gains identified in AIRE.

"We believe that governments need to continue to focus on these programs to optimize the efficiency of air travel," said Olivia Cullis, a spokeswoman for **Delta Air Lines** Inc., which participated in AIRE.

Agency France Presse/Getty

Planes line up for takeoff at Charles de Gaulle Airport outside Paris

**Greener skies**

The trans-Atlantic AIRE project has found ways to cut fuel use and carbon emissions at every stage of flight. Some examples:

| STAGE: | $CO_2$ REDUCTIONS PER FLIGHT: |
|---|---|
| At gate/taxiing | 420–2,650 lbs |
| Midflight | 200–2,310 |
| Takeoff/landing | 220–2,760 |

A trans-Atlantic flight generally burns more than 25 metric tons of fuel, although consumption varies widely depending on aircraft type, weather conditions and many other factors. Jet fuel currently costs more than $675 a ton, and burning one ton produces roughly 3.1 tons of carbon dioxide, industry officials say.

Airlines operate more than 100,000 one-way flights annually across the North Atlantic, according to Innovata LLC, an aviation-consulting firm in London. With so many long trips, even small savings on each flight quickly add up.

"AIRE shows that without any major technology investments we can have significant gains," said Patrick Ky, executive director of the Sesar Joint Undertaking, the office overseeing the Sesar project in Brussels.

The AIRE project comes as the European Union and governments elsewhere are levying charges on airlines for their $CO_2$ emissions.

Carriers say this unfairly penalizes them because outdated government-run air-traffic systems force carriers to operate inefficiently, wasting fuel and increasing emissions.

"Quite often we find that aircraft could operate much more efficiently but it is the ground equipment that is holding us back, or the patchwork of technology that may exist along any particular route," said Anthony Concil, spokesman for the International Air Transport Association, a global airline trade group that has conducted its own projects to boost efficiency. "AIRE is important because it is demonstrating measurable results to show what is possible today."

AIRE is being run as part of multibillion-dollar modernizations of air-traffic systems that the U.S. and the EU recently began. The makeovers will take years and are subject to budget constraints, political fights and labor disputes. AIRE, by contrast, focuses on removing inefficiencies in existing procedures and capitalizing on recent improvements in data links between jetliners and controllers.

In 2009, participants ran more than 1,000 real-world tests of new methods for each step of a flight, from taxiing through takeoff, cruise, descent and arrival.

The improvements show savings of more than 400 tons of $CO_2$ on the test flights, or roughly the annual emissions of 100 passenger cars, Sesar officials said. The project has moved slowly to ensure safety wasn't compromised, participants said.

One focus has been to keep planes at constant and optimal thrust levels, which reduces the need for fuel-gulping acceleration while smoothing flights and shaving flight times. Current standard procedures involve stop-and-start taxiing, stepped ascent and descent, and flying over the Atlantic at altitudes set by controllers, not for maximum efficiency.

Savings varied from up to 1.2% of fuel for oceanic flight—the longest segment of a trans-Atlantic trip—to 20% for landing approaches. "We were surprised at how much fuel we saved" on arrivals, said Donald Ward, the FAA program officer handling AIRE.

Mr. Ward said that even if only part of a descent is flown smoothly—rather than in steps that require more engine thrust—savings are significant. "This was a real eye-opener," Mr. Ward said.

Participants in AIRE said the challenge will now be to transfer its lessons from test flights to daily routine. The shift could entail big changes to operating practices.

# Cathay returns to profit on hedging, sale

By Jeffrey Ng

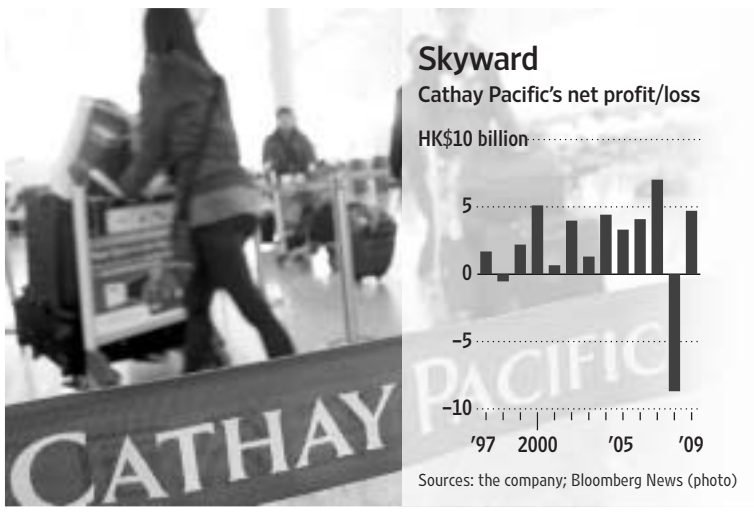
HONG KONG—**Cathay Pacific Airways** Ltd. said Wednesday it returned to net profit in 2009, lifted by fuel hedging gains and the sale of a stake it owns in an aircraft maintenance affiliate. The blue-chip airline said a sharp decline in passenger revenue last year indicates its core operations remained weak.

Like other major airlines, Cathay Pacific has been severely affected by the global financial crisis that began unfolding in 2008, as passenger and cargo volumes fell significantly. The airline was particularly hard hit as it relies heavily on income from its first- and business-class services, which suffered as demand for corporate travel dwindled.

The airline's net profit for the 12 months ended Dec. 31 was 4.69 billion Hong Kong dollars (US$604.5 million), reversing a net loss of HK$8.70 billion in 2008. Revenue for the period fell 23% to HK$66.98 billion.

But despite seeing signs of a rebound in air travel, the Hong Kong-based carrier said it remains cautious on the prospects for 2010 amid soaring fuel prices and increased competition.

"Revenues and yields remain below levels experienced prior to the recent downturn, and there hasn't yet been a sustained improvement in premium passenger demand which accounts for a high proportion of total revenues," Cathay Pacific Chairman Christopher Pratt said.




**Skyward**

Cathay Pacific's net profit/loss




Sources: the company; Bloomberg News (photo)

He said there are concerns that the "adverse changes" in passenger and cargo demand could be structural rather than cyclical, raising questions about whether the airline will need to adjust its heavy focus on the premium travel market.

The results were above the average HK$3 billion forecast of nine analysts polled earlier by Thomson Reuters. The airline recommended a final dividend of 10 Hong Kong cents. It didn't recommend a final dividend for 2008.

The strong improvement in Cathay Pacific's profitability was largely a result of an accounting gain of HK$2.76 billion during the year from fuel-hedging contracts.

Cathay Pacific also booked a gain of HK$1.25 billion from the sale of a 12.45% stake in engineering services firm Hong Kong Aircraft Engineering Co. to the airline's parent company, in a move that boosted the airline's cash position.

Excluding those gains, the airline had an operating profit of HK$285 million from its core airline business in 2009, reversing from an operating loss of HK$1.44 billion in 2008.

The swing to core operating profit came as Cathay Pacific reduced capacity near the end of 2008 by parking several aircraft and cutting frequencies on its long-haul network.

Passenger revenue for the period fell 21% to HK$45.92 billion, while cargo revenue fell 30% to HK$17.26 billion.

Cathay Pacific's passenger yield, a measure of the average fare paid per kilometer flown per passenger, fell 20% in 2009. The yield for the airline's cargo operations fell 27%.

Though the airline said demand for its economy class cabins has remained strong throughout the year, it had to introduce aggressive discounts to stimulate demand.

Cathay Pacific is controlled by conglomerate **Swire Pacific** Ltd., which holds a 42% stake. Chinese flag carrier **Air China** Ltd. boosted its stake in the Hong Kong airline to 29.99% from 17.46% last year by buying shares from **Citic Pacific** Ltd.

# *China Mobile to acquire stake in Pudong Bank*

*Continued from page 17*

raise its stake above 20%.

At a news briefing in Hong Kong, China Mobile Chairman Wang Jianzhou said the planned investment in Shanghai Pudong meets all regulatory requirements.

He dismissed media reports that have said the SASAC opposes China Mobile buying noncore business assets.

"This investment is an extension of our core telecom business. We see big growth potential in the profitability of the mobile financial business," Mr. Wang said, adding he expects the deal to boost the company's earnings per share by 2% once completed.

He said China Mobile will continue to look for investment opportunities in the telecom industry, but it has no specific targets.

Analysts said China Mobile's minority shareholders would prefer that the company return any excess cash to shareholders in the form of higher dividends or buybacks rather than investing in equity stakes in other companies, which investors can replicate themselves.

Mr. Wang said China Mobile won't cut its dividend.

# EMI executive leaves abruptly

*Music chief's departure adds to turmoil*

By Bruce Orwall and Dana Cimilluca

**EMI Group** Ltd. said the chief executive of its recorded-music division, Elio Leoni-Sceti, resigned after less than two years on the job, the latest convulsion at the historic music company that is trying to both stave off default and re-invent its future.

Charles Allen, the former chief executive of U.K. broadcaster **ITV** PLC who is EMI Music's non-executive chairman, will become executive chairman, EMI said. With no current plan to replace Mr. Leoni-Sceti as chief executive, Mr. Allen will effectively take control of EMI Music's day-to-day business activities, hoping to leverage his previous experience in the media business.

In an email to EMI staff Wednesday, Mr. Leoni-Sceti said, "My job is now done....Moving forward, the company is operationally on a solid track, contrary to what is reported, the creative momentum is very strong, and I thought it was time for me to move on."

Mr. Leoni-Sceti's abrupt departure is the latest chapter in years of turmoil. The company, home to acts including the Beatles and Pink Floyd, was acquired for £2.4 billion ($3.6 billion) by British financier Guy Hands's private-equity firm **Terra Firma Partners** Ltd. in 2007, in large part with loans from **Citigroup** Inc. The deal has backfired on Terra Firma, though, as the digital age and piracy hurt music sales.

Terra Firma has taken big write-downs on its investment, been forced to make cash injections into EMI, and now is scrambling to prevent the recorded-music unit from defaulting on its debts. It is now engaged in a high-profile legal battle with Citigroup over the takeover. Mr. Hands has accused Citigroup of duping him during the original deal negotiations. Citigroup denies the allegations.

Mr. Leoni-Sceti joined EMI in 2008 from consumer-products maker Reckitt Benckiser. While Mr. Leoni-Sceti lacked music-industry experience, EMI believed that his time in the consumer products business would bring new innovations to a music industry struggling to reinvent its product.

Under Mr. Leoni-Sceti, EMI has slashed costs and sought greater efficiency. But the cutting had disrupted its relationships with music artists, making it more difficult to sign and retain talent.

In the coming months, Terra Firma must raise £120 million ($179 million) to avoid a debt default or risk losing control of EMI to Citigroup. The U.S. bank, which financed the ill-fated takeover in 2007, is owed more than £3 billion.

Terra Firma and its founder, Mr. Hands, have promised their investors a new business plan for EMI that they planned to use as a marketing tool in their fundraising efforts. That was already going to be a tough sell given that Terra Firma's initial equity investment in EMI has already been mostly—if not totally—wiped out.

Mr. Leoni-Sceti had complained to Mr. Hands in an internal memo from October that surfaced as part of the lawsuit that the turmoil surrounding EMI was costing it business. Then he said that over the past nine months the company had lost distribution deals that would have generated fees of about $13 million per year with counterparties voicing concern over the music company's stability.

Bloomberg

Former EMI executive Elio Leoni-Sceti, shown at a conference last October.

# Google sees end in China talks

By Jerry DiColo

**Google** Inc.'s chief executive said Wednesday he expects the company will soon reach a conclusion to negotiations with the Chinese government regarding the fate of its China business.

"We are in active negotiations with the Chinese government," Eric Schmidt told reporters at a media summit in Abu Dhabi. Google has decided not to publicize the status of the negotiations, he said, but "something will happen soon."

Google said two months ago it would stop self-censoring its Chinese search engine and may shutter its offices in China following a major cyber-attack traced back to the country.

The U.S. search giant has offered few details on the progress of talks between it and Chinese officials. No timetable has been announced, and executives have said little about the discussions.

The decision not to censor google.cn has raised concerns about how Google's stance could impact other key initiatives beyond its core search-engine business. So far, Google hasn't started offering unfiltered search results, and China officials said they won't limit the use of Google's Android operating system by China's telecommunications operators.

Google has said it doesn't have a timetable for when it will stop censoring search results, but that it remains firm in its commitment to stopping the practice.

Bloomberg

Google CEO Eric Schmidt spoke Wednesday at a media summit in Abu Dhabi.

The company's disclosure of the cyber-attacks also added to strained relations between the U.S. and China in recent months, following the U.S. decision to sell arms to Taiwan and the White House visit of the Dalai Lama.

The U.S. dispatched a senior U.S. diplomat to China last week for talks aimed at resolving issues between the two superpowers, but Mr. Schmidt said Google didn't coordinate its response with the U.S. government.

"The Google action was not in any way coordinated with the U.S. government except post-facto," he said. "The U.S. government is doing its thing without Google."

During the conference in Abu Dhabi, the capital of the United Arab Emirates, Mr. Schmidt also spoke about the importance of mobile devices for the future of the Internet, calling them "supercomputers" that will eventually lead to higher digital revenue for media companies.

"If you want to understand the future of the Internet, don't think of it as pipes and tubes. Think of it broader as a mobile device," Mr. Schmidt said. "Our smartest engineers are right now building mobile applications," he added. "They start with mobile-centric applications, not desktop-centric applications."

*—Nour Malas contributed to this article.*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Speakers

**Satish Menon**
Executive Vice President and Venture Leader, Growth Ventures and Innovation
**Citi, Singapore**

**Kazi Md. Saiful Alam**
Additional General Manager, Regulatory
**Grameenphone Ltd, Bangladesh**

**Rahul Shinghal**
Regional Mobile Manager
**PayPal Asia Pacific, Singapore**

**Anne Marie A. Cruz**
Head of Domestic Alliances
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CORPORATE NEWS

# Citic Pacific posts profit

*Group rebounds from 2008 loss tied to foreign-exchange problems*

By Joyce Li

HONG KONG—**Citic Pacific** Ltd. said Wednesday it swung to a net profit in 2009, after losses on leveraged foreign-exchange contracts led to a net loss a year earlier.

The conglomerate, which also said it is studying the issuance of a US$500 million 10-year U.S. dollar bond, has been restructuring its operations since the foreign-exchange scandal that hit the company in late 2008. It now focuses on mining, property and special steel after disposing of its stake in Cathay Pacific Airways Ltd. last year and selling a stake in Cia. de Telecomunicacoes de Macau early this year. Special steel, sturdier than common steel, is often used in the production of airplanes and automobiles.

Citic Pacific posted a net profit of 5.95 billion Hong Kong dollars (US$766.9 million) for 2009. The company had a net loss of HK$12.69 billion in 2008 because its Australian dollar positions went sour and resulted in losses totaling billions of dollars. Citic Pacific shares ended up 7.5% at HK$18.98 Wednesday. Hong Kong's benchmark Hang Seng Index, in contrast, closed virtually flat at 21208.29.

"As of now, overall businesses are going on relatively smoothly," Chairman Chang Zhenming told reporters at a news conference. Mr. Chang said he is optimistic about 2010 earnings because he expects

solid demand for steel amid rising construction of homes, subways and high-speed railways in China.

Mr. Chang also said that policy measures to cool property prices in China weren't worrying. Citic Pacific bought sites in China a few years ago when prices were much lower.

Revenue totaled HK$46.41 billion, flat compared with HK$46.42 billion in 2008. The company recommended a final dividend of 25 Hong Kong cents a share. It didn't declare a final dividend for 2008.

Citic Pacific posted a pretax gain from leveraged foreign-exchange contracts in 2009 of HK$283 million, compared with a pretax loss of HK$15.89 billion the previous year.

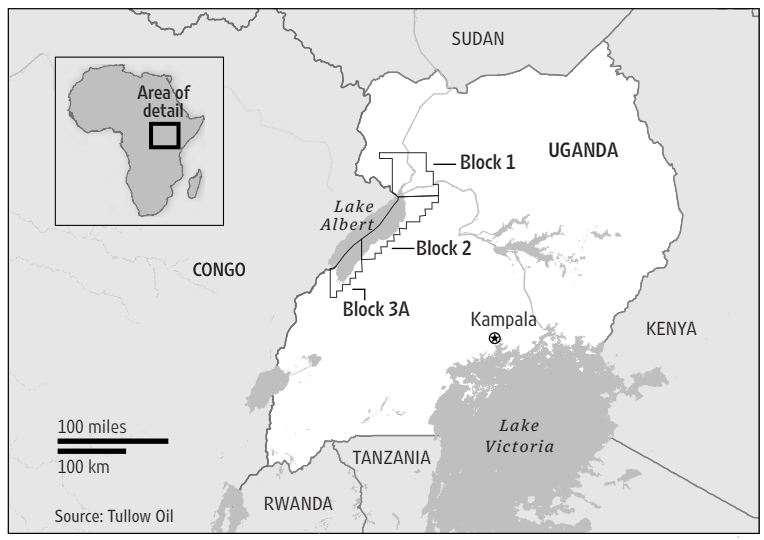
The company had HK$36 billion in bank deposits and available committed facilities at the end of 2009, adequate for planned investment, it said. It also said its net debt to total capital ratio was 42% at the end of 2009, a "higher than ideal" level.

Citic Pacific is in talks with investment banks over the potential issue of a US$500 million 10-year U.S. dollar bond, Managing Director Zhang Jijing said. The issue would be earmarked for repayment of debt due next year, Mr. Chang added.

The conglomerate, backed by state-run Citic Group, is in talks to divest its 65% interest in Shijiazhuang Iron & Sand Steel Co. It said it is seeking to shed the stake because the steel mill is being relocated under the direction of the Hebei provincial government.

Mr. Zhang said Citic Pacific expects to boost total special-steel production capacity at its remaining mills—Jiangyin Xingcheng Special Steel Co. and Xin Yegang Daye Special Steel Co.—to nine million metric tons in two years, assuming that the disposal of the Shijiazhuang mill takes place by then. The company's special-steel production capacity was 6.4 million tons in 2009.

Profit from special-steel operations fell 12% to HK$1.41 billion from HK$1.62 billion the previous year. Iron-ore mining contributed a profit of HK$376 million in 2009, compared with a loss of HK$123 million. Profit from property fell to HK$921 million from HK$1.01 billion.




# Cnooc, Total to buy into Uganda project

By James Herron

LONDON—China's **Cnooc** Ltd. and French oil major **Total** SA are each expected to acquire a third of **Tullow Oil** PLC's oil assets in Uganda, Tullow said Wednesday.

Cnooc and Total have recently made presentations to Ugandan authorities, and Tullow said it expects these transactions and Tullow's purchase of **Heritage Oil** PLC's Uganda assets to be signed in the coming weeks. "This will result in a unified partnership with considerable experience and financial capability to enable Uganda to become a significant oil producing nation," it said.

Tullow will begin the first phase of development of hydrocarbons discovered in Uganda's Lake Albert basin this year, with oil and gas production for the local market due to begin in 2011, the statement said. Natural gas from the Nzizi field will be piped to a power plant to be constructed in Uganda's Hoima district, and about 10,000 barrels a day of oil from the Kasamene field will be trucked to local markets.

Output from the whole basin could eventually exceed 200,000 barrels of oil a day, supplying a local refinery and exporting surplus crude to regional and international markets, said Tullow. A deal with Cnooc and Total will help speed development of the whole basin, said Royal Bank of Scotland analyst Phil Corbett. "A strong partnership on equal footing in Uganda should accelerate the development of a major resource base," he said.

Following recent appraisal drilling, Tullow upgraded the midrange reserves estimate at its Tweneboa discovery off of Ghana to 400 million barrels of oil equivalent from 250 million barrels previously. The Jubilee field off Ghana remains on track to produce its first oil by the end of this year, Tullow said. The first phase of Jubilee will produce about 120,000 barrels of oil a day.

Tullow will spend as much as $1.5 billion buying the Heritage Oil assets, although a large part of this cost will be offset by the proceeds of the subsequent partnership deal with Total and Cnooc.

# Chinese consumers file complaint against H-P

By Loretta Chao

BEIJING—A group of Chinese consumers filed a complaint to China's product-quality agency claiming that **Hewlett-Packard** Co. discriminated against them in its handling of a problem with faulty graphics components in some of its personal computers.

The complaint, dated last week, was sent on behalf of more than 170 consumers to China's General Administration of Quality Supervision, Inspection and Quarantine. The consumers claim that H-P failed to offer them the same extended warranty that it gave to U.S. customers in response to a problem that emerged more than two years ago involving graphics chips in laptop PCs.

The Chinese consumers request compensation, a public apology and a recall of the affected computers.

An H-P spokeswoman said the company didn't discriminate against Chinese customers, and that the complaints may have arisen because of confusion over the terms of an enhanced service program launched in response to the graphics-chip problem. She said H-P doesn't plan any recall of the affected PCs in China.

The complaints have prompted anger from some Chinese consumers and Internet commentators in markets where many consumers are sensitive to perceived poor treatment by foreign companies. Still, the number of people involved in the complaint represent a small fraction of H-P's total sales in China, the world's second-largest PC market by unit sales.

The customer complaints are centered on a defect in graphics chips supplied by **Nvidia** Corp. that can cause the chips to overheat, which, in turn, can cause malfunctions like failure to start up or displays that go dark. Nvidia has said the defect—which affected laptop PCs from H-P, **Dell** Inc., **Apple** Inc., and other vendors—was caused by materials used to package the chips. Nvidia has spent more than $300 million to address the problem.

The General Administration of Quality Supervision, Inspection and Quarantine didn't respond to a request for comment.

*—Bai Lin and Sue Feng contributed to this article.*

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MARKETS

# Eye on future, foot in the past

## *Agricultural bank reformer is traditionalist*

BEIJING—The man charged with transforming a debt-ridden Chinese rural-policy lender into a competitive, international bank is a modernizer who keeps one leg in old China.

Zheng Hui, the 58-year-old president of **Agricultural Development Bank of China**, is a defender of many traditions, such as bonding with business friends over a bottle of baijiu, China's rice wine. But he is also a devotee of Louis V. Gerstner Jr.'s book "Who Says Elephants Can't Dance?," a story of IBM's turnaround, and is pushing to internationalize and refocus his bank.

Victoria Ruan

Agricultural Development Bank of China President Zheng Hiu is charged with modernizing the ban.

A policy lender shouldn't be just "an automatic teller machine" for government fiscal funds; instead, it "must be a bank that can operate efficiently," Mr. Zheng said in a rare interview.

Since his appointment to head the bank in 2004 following the ouster of some senior managers over embezzlement charges, Mr. Zheng has made it his mission to clean house at the bank, which due to a legacy of policy-directed lending had a nonperforming loan ratio above 18% when he arrived.

Agricultural Development Bank can hardly say no to government instructions on where to direct loans, no matter what the repayment outlook looks like. Many grain companies that it supports have made little profit or incurred losses amid a government policy that sets minimum grain-purchase prices. The bank also is barred from taking deposits.

Mr. Zheng said Beijing needs to make sure the bank can get sustainable low-cost funding from the government's fiscal revenue, a practice he has observed in overseas agricultural lenders.

In his push for a more outward-looking bank, Mr. Zheng has gradually expanded international networks. But rather than just on-paper cooperation, Mr. Zheng said he has been looking for "true brothers" with ties "as strong as iron."

He cited partnerships with National Australia Bank and Standard Chartered Bank to share expertise and training, but said he regrets that he hasn't found "an American brother I can drink a whole bottle of Maotai with." Maotai is the most famous baijiu brand in China. Chinese businessmen of Mr. Zheng's generation tend to seal deals over thimble-sized glasses of rice wine.

While a forward-thinker in many aspects, Mr. Zheng has also set in place traditional, some may even say outdated and sexist, rules at his bank, such as not sending women employees from Beijing's headquarters to branches in other provinces for training, a system to groom employees to take on bigger roles.

"We have lots of very capable women staff at headquarters. But they are the backbones of families. Sending them out for several years in another province may benefit their career but may cause serious family problems," he said.

A former farmer himself, as well as an oilfield worker during China's Cultural Revolution, Mr. Zheng worked for another big rural lender, Agricultural Bank of China Ltd., for more than two decades before moving to Agricultural Development Bank. He arrived after some senior managers, including two vice presidents, stepped down due to alleged economic crimes.

The bank, which has 50,000 staff and more than 2,000 branches, is supervised by the State Council. It had outstanding loans of 1.45 trillion yuan ($212.41 billion) at the end of last year, with core capital around 20 billion yuan, according to Mr. Zheng.

*—Victoria Ruan*

# *China limits bonuses at banks*

*Continued from page 17*

compensation for financial institutions in 2008 at 90% of the amount executives received the year before. For financial firms at which revenue fell in 2008, the limit was set at 80%, the ministry said.

Back then, when a downturn in global demand resulted in layoffs in China's export sector, the government said its actions were driven by the need to ensure "fair distribution of income in society." By contrast, Wednesday's statement was focused on controlling risk in the financial system.

"The global financial crisis showed an inappropriate payment system in many countries' financial industries led to overly risky bets and excessive profit-chasing by financial companies, which destabilized both the firms and the sector," the banking regulator said.

It also said its new measures aren't an attempt to decide remuneration levels at commercial banks.

In November, Hong Kong proposed similar guidelines that would require top banking executives to defer at least 60% of their bonuses for at least three years, with a claw-back policy in the event of future losses.

The rules will apply to all Chinese banks as well as state-run asset management companies, trust companies, financial-leasing companies and the financial units of state-owned companies.

Foreign banks in China weren't included in the list of institutions covered by the guidelines.

*—Rose Yu*


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# AIG links rankings, pay

*Insurer rates its employees to determine who gets raises and awards*

By Serena Ng

**American International Group** Inc. is basing its coming round of bonuses and incentive pay on its new "forced ranking" system that measures the performances of about 10,000 employees, according to people familiar with the matter.

AIG, which reported a $10.9 billion net loss for 2009, is struggling to give incentives to employees to stay on at the government-controlled insurer after the bonuses and a final batch of retention awards are paid out in the coming weeks.

The past few months already have seen the departures of some senior managers in divisions such as compliance, legal and human resources, according to a person familiar with the matter.

The latest plans also come as U.S. compensation czar Kenneth Feinberg is finalizing 2010 pay packages for certain employees at AIG and other companies that have received large amounts of federal aid.

AIG is ranking employee performance from 1 to 5 to help it decide who will get raises and larger incentive awards. About 10% of the employees will receive a "top" ranking, 20% will be rated "excellent," and 50% will see their performance rated "solid."

The bottom 20% will be considered to be "needing improvement," of which a small number could get a "performance warning."

The company is aiming to pay bonuses for 2009 to eligible employees by the end of this month, according to people familiar with the matter.

AIG Chief Executive Robert Benmosche, who is pushing the forced-ranking system, is trying to demonstrate to the public and the government that AIG is paying employees for their performance and not just for staying at the company, which is nearly 80% owned by U.S. taxpayers.

**AIG Chief Executive Robert Benmosche, who is pushing the forced-ranking system, is trying to demonstrate that AIG is paying employees for their performance.**

The 65-year-old CEO believes AIG's restructuring and turnaround strategy depends largely on its ability to pay competitively to attract and keep talent.

With two large foreign life-insurance units now being sold for $51 billion, AIG is counting on its remaining businesses to help achieve its goal of repaying another $47 billion to taxpayers in the coming years.

In a town-hall meeting with employees last month, Mr. Benmosche said he is trying to find a way to give some people raises, according to people familiar with his comments.

But for that to happen, Mr. Benmosche reportedly said, the company needed to improve its old system, where most of AIG's top 500 employees were deemed either "top" or "excellent" performers.

He drew an analogy with the recent Winter Olympics, saying that finalists for the events all performed well, but they couldn't finish the race at the same time and all win medals, the people familiar with the comments said.

The forced-ranking system already is proving controversial among some employees, who feel it could hurt morale and cause more uncertainty as the company is struggling. Human-resources staffers at AIG have been reassuring employees that they won't be forced to leave the company if they fall into the bottom group, and that the company will help them improve their performances, according to a person familiar with the matter.

The roughly 10,000 individuals whose 2009 performances are being ranked under the system comprised about a 10th of AIG's global work force of 96,000 at the end of 2009.

Those ranked include managers and senior managers, and AIG expects to roll out the system to a bigger universe of employees in 2010.

Agence France-Presse/Getty Images

The new bonds will help pay for the rehabilitation of the Brooklyn Bridge.

# Build America pays off on Wall Street

By Ianthe Jeanne Dugan

Wall Street firms have received fees exceeding $1 billion in less than a year selling "Build America Bonds" meant to spur jobs in struggling cities, often charging municipalities higher costs than for traditional bond deals.

These bonds were rolled out in April 2009 under President Barack Obama's economic-stimulus plan to create jobs building roads, schools and hospitals. Unlike conventional municipal debt, the new bonds are taxable and generally carry higher interest rates.

The U.S. pays 35% of the interest, so the bonds have enabled local governments to borrow during a credit crunch and save money at the same time, making the higher costs a wash for them.

The underwriting fees come as Wall Street continues to recover even as many municipalities remain in poor financial shape.

The Wall Street fees are "surprisingly high," says Edward Prescott, a Nobel Prize-winning economist at the Federal Reserve Bank of Minneapolis and a professor at Arizona State University.

The banks confirm charging higher Build America fees but say the costs are coming down as the bonds become more popular. Bank officials say the higher fees are justified because they are working harder to sell the bonds to investors who wouldn't traditionally buy municipal debt, such as pension funds, insurance companies and foreign investors.

**Goldman Sachs Group** Inc. is the top seller of Build America Bonds, with $9.79 billion in sales, according to research firm Thomson Reuters, followed closely by **J.P. Morgan Chase** & Co., **Citigroup** Inc., **Barclays** PLC, **Bank of America** Corp.'s Bank of America Merrill Lynch and **Morgan Stanley**.

On average, the underwriting fees for Build America Bonds are $8.20 per $1,000, according to Thomson Reuters.

By comparison, the standard fee for tax-exempt issues is $5 to $6 per $1,000, according to Wall Street banks. Thomson Reuters says 984 deals have been done since April. Underwriting fees were disclosed in just two-thirds of those, totaling nearly $1 billion.

Spokesmen for all the banks declined to comment.

The Treasury Department says Build America fees have dropped and are becoming more comparable to tax-exempt fees.

One of the biggest deals was a $1.3 billion Build America Bond issued in October to rebuild the San Francisco-Oakland Bay Bridge and make it earthquake-resistant. The **Bay Area Toll Authority**, the agency handling the project, paid $11.37 in fees per $1,000 in bonds to a syndicate led by Citigroup and Merrill Lynch, or more than $14 million.

That was about twice what it would have paid banks to underwrite traditional tax-exempt municipal bonds, says Brian Mayhew, chief financial officer of the agency. And the interest rates paid to investors are higher.

Since Washington pays 35% of the interest, the amount that the Bay Area Toll Authority pays is just 4.07% over 40 years compared with the 5.5% it would have paid with tax-exempt bonds, Mr. Mayhew says.

Mr. Mayhew says he believes the underwriting fees were justified because they also included management fees and structuring the deal, which involved calculating toll collections and income streams. A piece of the bridge broke the day before the issuance, making it an even tougher sell.

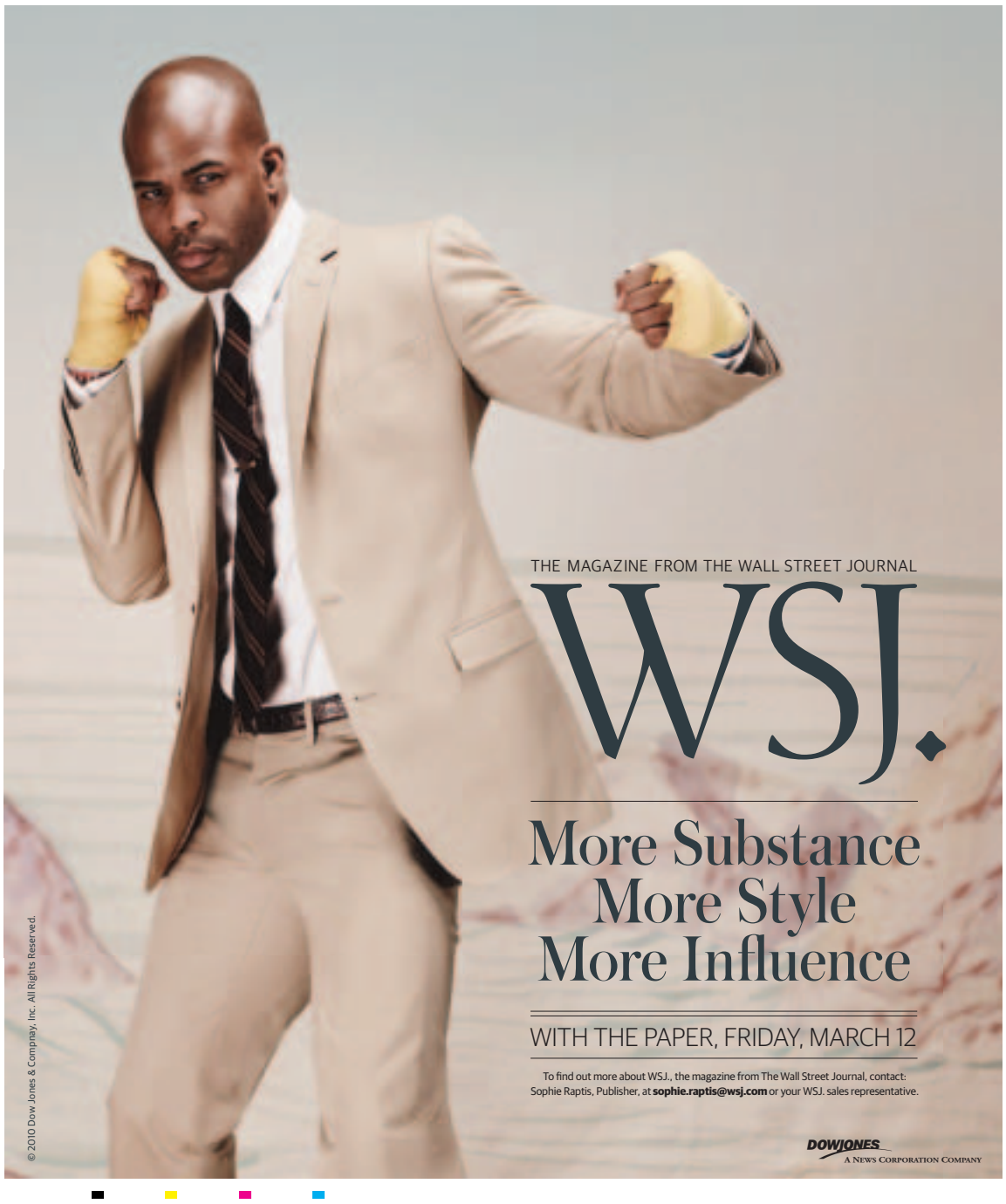
He says it is difficult to measure the direct jobs stimulus. The bridge project began in 2000 and employs hundreds. "This may look like more Wall Street greed," he says, "but for my transaction, we felt pretty good."

Many municipalities are racing to issue the bonds this year to qualify for the 35% subsidy. The Obama administration has proposed making the program, due to expire at the end of 2010, permanent and scaling back the subsidy to 28%.

"Expanding and making this program permanent, as the president proposed in the budget, will further improve the long-term functioning of the municipal-bond market," says Alan B. Krueger, assistant secretary for economic policy at the Treasury Department.

Meanwhile, some lawmakers are seeking to abolish the program altogether. "This money is going directly from American taxpayers to Wall Street investment banks," says Jim Lyons, a tax lawyer for Sen. Charles Grassley (R., Iowa), who voted against the stimulus package that established the bonds.

Sen. Grassley began grilling Goldman last week about its profits from Build America Bonds after the financial giant—a lightning rod for criticism of Wall Street excess—ran an ad promoting the bonds in Politico, a political news outlet.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# More wore wires in effort to investigate insider trades

By Amir Efrati

Federal prosecutors in Manhattan equipped several cooperating witnesses with recording devices to try to obtain information about targets in the Galleon insider-trading probe, people familiar with the matter say.

Among them is Franz Tudor, a former **Galleon Group** hedge-fund trader, the people familiar with the matter say. Mr. Tudor, 36 years old, made recordings last year in an attempt to extract information from two friends and colleagues who are defendants charged in an insider-trading conspiracy, Zvi Goffer and Michael Kimelman, the people say.

**THE GALLEON CASE**

It isn't clear whether the information Mr. Tudor obtained will be used in the prosecution, the people say. Messrs. Goffer and Kimelman have pleaded not guilty in the case.

Mr. Tudor has agreed to plead guilty to conspiracy to commit securities fraud in hopes of getting a reduced sentence, a person familiar with the matter said.

Representatives for the U.S. attorney's office in Manhattan, the Federal Bureau of Investigation, and lawyers for Messrs. Tudor and Kimelman declined to comment.

A total of 21 individuals have been charged in the Galleon case. At least eight individuals have pleaded guilty and are cooperating against other defendants.

The use of cooperating witnesses shows how federal agents persuaded people on Wall Street to become informants to try to ensnare colleagues and friends, sometimes by using techniques prevalent in organized-crime investigations. Criminal prosecutors also are using evidence from wiretapped telephone calls. Until now, just one cooperating witness had been publicly identified as having worn a recording device.

Mr. Tudor's recordings weren't cited in the government's criminal complaint filed last November against Messrs. Goffer, Kimelman and five other men in the alleged conspiracy. Mr. Tudor is prepared to testify against some of the defendants, according to a person familiar with the matter.

Mr. Tudor worked as a trader with some of the defendants at a New York hedge-fund firm, **Schottenfeld Group** LLC, and most recently at another trading firm, **Incremental Capital**. Messrs. Goffer and Kimelman were arrested after separate insider-trading charges were brought against Raj Rajaratnam, founder of Galleon Group, and several other associates.

Mr. Rajaratnam has pleaded not guilty.

Working with agents from the FBI, Mr. Tudor made recordings of his colleagues following Mr. Rajaratnam's arrest, according to a person familiar with the matter.

Another cooperating witness, Brien Santarlas, a former lawyer at **Ropes & Gray** LLP, recorded at least one conversation he had with another lawyer at the firm, Arthur Cutillo, the people familiar with the matter say. Mr. Cutillo has pleaded not guilty to being part of an insider-trading ring. Ropes & Gray didn't respond to a request for comment.

# Goldman losing China executive

*Fred Hu is retiring from the Wall Street bank's joint venture; he will take an advisory role*

By Denis McMahon And Nisha Gopalan

Fred Hu, greater China chairman for **Goldman Sachs Group** Inc. and one of its longest-serving Chinese executives, is leaving the Wall Street bank, a Goldman spokeswoman said Wednesday.

Mr. Hu will retire as partner in April after 13 years with Goldman and take up a role as an advisory director for the firm, Angela Yu, spokeswoman for Goldman's Chinese joint venture, said.

It is unclear what Mr. Hu will do next. He didn't immediately respond to requests for comment.

Goldman will continue to have a substantial management team overseeing its large operation in China, including Fang Fenglei, chairman of its joint venture, Goldman Sachs Gao Hua Securities, and Cai Jinyong, a Goldman partner who is the joint venture's chief executive.

Bloomberg News

Fred Hu has been with Goldman Sachs's China operations for 13 years.

Mr. Hu joined Goldman Sachs as chief economist for greater China before becoming general manager, then co-head of investment banking in China.

He was Henry Paulson's point man in China during the former U.S. Treasury secretary's time as CEO at Goldman Sachs, and is close to former Chinese Premier Zhu Rongji. He was named chairman of greater China in 2008.

"Fred has played a significant leadership role in the development of our China franchise and the Asia region and led some of the firm's landmark transactions in financing, advisory and principal investments," said an internal Goldman memo sent to employees. "We look forward to continuing our relationship with Fred and benefiting from his counsel, knowledge and relationships in his advisory role."

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INTERNATIONAL INVESTOR

# Flurry of borrowers head to Australia

By Enda Curran

SYDNEY—Australia's debt market sparked into life Wednesday with a succession of bond offers, including the first by a nonfinancial corporate since the middle of last year, illustrating the recovery in credit markets is continuing apace.

The rush to issue comes as investors seek to diversify away from a steady stream of debt from local banks and borrowers look to Australia's public debt market as an alternative to other financing routes.

**BOND MARKETS**

The cheaper cost of converting Australian dollar borrowings into their home currency and a more expensive cost of converting foreign currency into local dollars is also at the core of the rush.

Banks made up most of the debt being offered Wednesday, and the list of borrowers included offshore banks, which have been largely absent from the domestic market, along with nonfinancial companies.

**Banco Santander** SA, **Credit Suisse Group**, **BNP Paribas** SA and toll-road operator **Transurban Group** were all in talks with investors Wednesday to sell bonds, market participants said.

Property company **Mirvac Group** is also said to be close to a debt issue to replace a bond maturing next week, while Barclays Capital is considering a possible five-year bond offer, priced at 1.3 to 1.4 percentage points over the underlying swap rate, market participants said.

Last week, J.P. Morgan and HSBC Holdings broke the kangaroo bond drought by issuing in Australian dollars, the first outside of supranational issuers since 2007.

On the nonbank side, Transurban Group is considering an offer of four-year debt, seeking to raise at least 200 million Australia dollars (US$182.8 million), market participants said. The company is speaking with investors about a possible issue priced around 1.7 to 1.8 percentage points above the underlying swap rate, the participants added.

## Japanese bonds

Japanese government-bond yields were flat Wednesday as investors avoided active trading ahead of a five-year note auction Thursday. Yields on cash two-year, five-year, benchmark 10-year and 20-year bonds were unchanged at 0.140%, 0.465%, 1.300% and 2.125% respectively.

The Finance Ministry will auction 2.4 trillion yen ($26.67 billion) of the medium-term debt. The notes are expected to carry a coupon of 0.5% for the fourth straight auction.

Analysts say the auction should see firm demand from banks because yields are likely to fall amid speculation that the Bank of Japan will ease monetary policy further at its policy-board meeting next week.

# Treasury note sale attracts ample bids

By Min Zeng

NEW YORK—Treasury prices were lower despite strong demand for a reopened sale of 10-year notes.

Investors' appetite for safe-haven Treasurys took a hit as worries over fiscal and debt problems in the euro zone eased. The Greek government plans further bond sales this month to fund its bloated debt load following a successful €5 billion ($6.8 billion) sale of 10-year bonds last week, thanks to the government's additional measures to cut its record fiscal deficit.

**U.S. CREDIT MARKETS**

The U.S. Treasury Department auctioned $21 billion in 10-year notes, the second leg of this week's $74 billion Treasury notes and bonds sales.

The Treasury will also sell $13 billion in 30-year bonds Thursday. Both auctions are additional sales from the supply in February, known as reopening issues.

"The bond market was getting hit this morning from fast money and leverage guys trying to keep the market here to catch some cheap 10-year notes in this auction," said Michael Franzese, managing director and executive vice president of bond trading at Wunderlich Securities, said before the auction.

Treasury's reopened 10-year note came in at a yield of 3.735%, compared with the 3.743% just before the auction. The bid-to-cover ratio was 3.45, compared with 2.67 in February and 3.00 in January. The average is 2.83 from the past eight auctions.

In early-afternoon trading, the price of the two-year note was down by 3/32, yielding 0.911%; the 10-year note was down 7/32 to yield 3.725%, and the 30-year bond was down 13/32 to yield 4.699%. Bond yields move inversely to prices.

Demand for a $40 billion three-year Treasury note sale Tuesday was stronger than the recent average as many investors were encouraged to hold short-dated notes.

# FUND SCORECARD

## Emerging Europe Equity

Funds that invest primarily in the equities of companies based in Emerging Europe. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 10, 2010

### Leading 15 Performers

| FUND RATING * | FUND NAME | FUND MGM'T CO. | CURR. | LEGAL BASE | % Return in $US ** YTD | 1-YR | 2-YR | 5-YR |
|---|---|---|---|---|---|---|---|---|
| 2 | **Arka BZ WBK Srodk. i Wschod Europ** | BZ WBK AIB Towarzystwo Funduszy Inw SA | PLN | Poland | **0.13** | 188.05 | -10.85 | NS |
| NS | **Trigon Active Alpha** | Trigon Capital | EUR | Estonia | **10.71** | 185.31 | -2.73 | NS |
| 3 | **JPMorgan New Europe A Acc** | JPMorgan Asset Management (UK) Limited | GBP | United Kingdom | **4.04** | 182.88 | -16.64 | 12.09 |
| 2 | **JPM Eastern Europe Eq A (dist)-EUR** | JF Asset Management Limited (HK) | EUR | Luxembrg | **5.28** | 181.48 | -17.67 | 11.16 |
| 3 | **Templeton Eastern Europe A Acc €** | Franklin Templeton Investment Funds | EUR | Luxembrg | **0.94** | 181.33 | -9.19 | 5.54 |
| 4 | **Metzler Eastern Europe** | Metzler Ireland Ltd. | EUR | Ireland | **5.93** | 178.47 | -6.98 | 10.29 |
| 2 | **Ignis Intl HEXAM Emerg Eurp A EUR Acc** | Ignis Asset Mgmt | EUR | Ireland | **1.46** | 177.25 | -13.23 | NS |
| 3 | **OP-Itä-Eurooppa A** | OP-Rahastoyhtiö Oy | EUR | Finland | **4.41** | 176.93 | -15.74 | 11.21 |
| 2 | **Petercam Equities Europe Convergence A** | Petercam S.A. | EUR | Belgium | **-0.48** | 174.28 | -16.30 | NS |
| NS | **Meinl Eastern Europe** | Julius Meinl Investment GmbH | EUR | Austria | **10.48** | 172.48 | -11.42 | NS |

**NOTE**: Changes in currency rates will affect performance and rankings.
**KEY**: ** 2YR and 5YR performance is annualized
**NA**-not available due to incomplete data;
**NS**-fund not in existence for entire period

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| **■ AHW CAPITAL MANAGEMENT** | | | | | | | | | |
| *Tel (+49) 1805 - 23 82 82* | | | | | | | | | |
| *www.ahw-capital.com* | | | | | | | | | |
| AHW Top-Div.Int. | GL | EQ | LUX | 03/09 | EUR | 51.81 | -5.2 | 63.9 | -20.9 |
| **■ ALLIANCE BERNSTEIN** | | | | | | | | | |
| *www.alliancebernstein.com/investments Tel. +800 2263 8637* | | | | | | | | | |
| Am Eq Blend A | OT | OT | LUX | 03/09 | USD | 10.63 | 2.5 | 69.8 | -7.2 |
| Am Eq Blend B | US | EQ | LUX | 03/09 | USD | 9.97 | 2.3 | 68.1 | -8.1 |
| Am Growth A | US | EQ | LUX | 03/09 | USD | 31.37 | 0.4 | 63.1 | 2.2 |
| Am Growth AX | US | EQ | LUX | 03/09 | USD | 33.89 | 0.5 | 64.0 | 2.8 |
| Am Growth B | US | EQ | LUX | 03/09 | USD | 26.32 | 0.2 | 61.5 | 1.2 |
| Am Growth C | US | EQ | LUX | 03/09 | USD | 28.36 | 0.4 | 62.3 | 1.8 |
| Am Growth I | US | EQ | LUX | 03/09 | USD | 34.81 | 0.5 | 64.4 | 3.0 |
| Am Income A | US | BD | LUX | 03/09 | USD | 8.55 | 2.4 | 32.5 | 7.3 |
| Am Income A2 | US | BD | LUX | 03/09 | USD | 19.52 | 2.5 | 32.5 | 7.2 |
| Am Income A2 | OT | OT | NA | 03/09 | HKD | 151.47 | 2.5 | 32.5 | 7.2 |
| Am Income AT | OT | OT | NA | 03/09 | HKD | 66.27 | 2.5 | 32.5 | 7.3 |
| Am Income AT | US | BD | LUX | 03/09 | USD | 8.54 | 2.5 | 32.5 | 7.3 |
| Am Income B | US | BD | LUX | 03/09 | USD | 8.55 | 2.3 | 31.4 | 6.4 |
| Am Income B2 | US | BD | LUX | 03/09 | USD | 16.80 | 2.4 | 31.6 | 6.5 |
| Am Income B2 | OT | OT | NA | 03/09 | HKD | 130.36 | 2.4 | 31.6 | 6.5 |
| Am Income BT | OT | OT | NA | 03/09 | HKD | 66.66 | 2.4 | 31.7 | 6.5 |
| Am Income BT | US | BD | LUX | 03/09 | USD | 8.59 | 2.4 | 31.7 | 6.5 |
| Am Income C | US | BD | LUX | 03/09 | USD | 8.55 | 2.3 | 31.8 | 6.7 |
| Am Income C2 | US | BD | LUX | 03/09 | USD | 25.00 | 2.5 | 32.0 | 6.7 |
| Am Income I | US | BD | LUX | 03/09 | USD | 8.55 | 2.5 | 33.3 | 7.9 |
| Am Value A | US | EQ | LUX | 03/09 | USD | 8.76 | 2.7 | 57.6 | -6.8 |
| Am Value B | US | EQ | LUX | 03/09 | USD | 8.05 | 2.5 | 56.0 | -7.8 |
| Am Value C | US | EQ | LUX | 03/09 | USD | 8.75 | 2.6 | 56.8 | -7.2 |
| Am Value I | US | EQ | LUX | 03/09 | USD | 9.44 | 2.8 | 58.9 | -6.1 |
| Emg Mkts Debt A | GL | BD | LUX | 03/09 | USD | 15.92 | 3.4 | 52.1 | 9.6 |
| Emg Mkts Debt A2 | GL | BD | LUX | 03/09 | USD | 20.82 | 3.5 | 52.2 | 9.7 |
| Emg Mkts Debt AT | GL | BD | LUX | 03/09 | USD | 15.98 | 3.6 | 52.3 | 9.7 |
| Emg Mkts Debt B | GL | BD | LUX | 03/09 | USD | 15.92 | 3.3 | 50.7 | 8.6 |
| Emg Mkts Debt B2 | GL | BD | LUX | 03/09 | USD | 20.02 | 3.4 | 50.8 | 8.6 |
| Emg Mkts Debt BT | GL | BD | LUX | 03/09 | USD | 15.96 | 3.4 | 50.7 | 8.6 |
| Emg Mkts Debt C | GL | BD | LUX | 03/09 | USD | 15.92 | 3.4 | 51.5 | 9.2 |
| Emg Mkts Debt C2 | GL | BD | LUX | 03/09 | USD | 20.45 | 3.5 | 51.6 | 9.2 |
| Emg Mkts Debt I | GL | BD | LUX | 03/09 | USD | 15.92 | 3.5 | 52.8 | 10.2 |
| Emg Mkts Growth A | GL | EQ | LUX | 03/09 | USD | 34.42 | -0.7 | 97.9 | -9.2 |
| Emg Mkts Growth B | GL | EQ | LUX | 03/09 | USD | 29.12 | -0.9 | 96.0 | -10.1 |
| Emg Mkts Growth C | GL | EQ | LUX | 03/09 | USD | 29.81 | -0.8 | 97.0 | -9.6 |
| Emg Mkts Growth I | GL | EQ | LUX | 03/09 | USD | 38.22 | -0.5 | 99.5 | -8.4 |
| Eur Growth A | OT | OT | LUX | 03/09 | USD | 9.74 | 1.8 | 51.7 | -10.4 |
| Eur Growth A | OT | OT | LUX | 03/09 | EUR | 7.16 | 1.8 | 51.7 | -10.4 |
| Eur Growth B | OT | OT | LUX | 03/09 | EUR | 6.43 | 1.7 | 50.2 | -11.3 |
| Eur Growth B | OT | OT | LUX | 03/09 | USD | 8.75 | 1.7 | 50.2 | -11.3 |
| Eur Growth C | EU | EQ | LUX | 03/09 | EUR | 5.42 | 1.7 | 51.0 | -10.9 |
| Eur Growth I | OT | OT | LUX | 03/09 | USD | 10.64 | 2.0 | 53.0 | -9.7 |
| Eur Growth I | OT | OT | LUX | 03/09 | EUR | 7.82 | 2.0 | 53.0 | -9.7 |
| Eur Income A | OT | OT | LUX | 03/09 | EUR | 6.78 | 3.7 | 55.2 | 7.6 |
| Eur Income A | OT | OT | LUX | 03/09 | USD | 9.22 | 3.7 | 55.2 | 7.6 |
| Eur Income A2 | OT | OT | LUX | 03/09 | EUR | 13.37 | 3.9 | 55.3 | 7.7 |
| Eur Income A2 | OT | OT | LUX | 03/09 | USD | 18.18 | 3.9 | 55.3 | 7.7 |
| Eur Income AT | EU | BD | LUX | 03/09 | EUR | 6.77 | 3.9 | 55.4 | 7.6 |
| Eur Income B | OT | OT | LUX | 03/09 | EUR | 6.78 | 3.6 | 54.3 | 6.9 |
| Eur Income B | OT | OT | LUX | 03/09 | USD | 9.22 | 3.6 | 54.3 | 6.9 |
| Eur Income B2 | OT | OT | LUX | 03/09 | EUR | 12.41 | 3.7 | 54.0 | 6.8 |
| Eur Income B2 | OT | OT | LUX | 03/09 | USD | 16.88 | 3.7 | 54.0 | 6.8 |
| Eur Income BT | EU | BD | LUX | 03/09 | EUR | 6.77 | 3.6 | 54.1 | 6.8 |
| Eur Income C | OT | OT | LUX | 03/09 | EUR | 6.78 | 3.6 | 54.6 | 7.2 |
| Eur Income C | OT | OT | LUX | 03/09 | USD | 9.22 | 3.6 | 54.6 | 7.2 |
| Eur Income C2 | OT | OT | LUX | 03/09 | EUR | 13.31 | 3.7 | 54.6 | 7.2 |
| Eur Income C2 | OT | OT | LUX | 03/09 | USD | 18.10 | 3.7 | 54.6 | 7.2 |
| Eur Income I | OT | OT | LUX | 03/09 | EUR | 6.78 | 3.8 | 55.9 | 8.2 |
| Eur Income I | OT | OT | LUX | 03/09 | USD | 9.22 | 3.8 | 55.9 | 8.2 |
| Eur Strat Value A | OT | OT | LUX | 03/09 | EUR | 8.61 | 0.9 | 64.3 | -14.2 |
| Eur Strat Value A | OT | OT | LUX | 03/09 | USD | 11.71 | 0.9 | 64.3 | -14.2 |
| Eur Strat Value I | OT | OT | LUX | 03/09 | EUR | 8.82 | 0.9 | 65.5 | -13.5 |
| Eur Strat Value I | OT | OT | LUX | 03/09 | USD | 12.00 | 0.9 | 65.5 | -13.5 |
| Eur Value A | OT | OT | LUX | 03/09 | EUR | 9.25 | 0.5 | 68.5 | -10.5 |
| Eur Value A | OT | OT | LUX | 03/09 | USD | 12.58 | 0.5 | 68.5 | -10.5 |
| Eur Value B | OT | OT | LUX | 03/09 | USD | 11.55 | 0.4 | 66.5 | -11.4 |
| Eur Value B | OT | OT | LUX | 03/09 | EUR | 8.49 | 0.4 | 66.5 | -11.4 |
| Eur Value C | OT | OT | LUX | 03/09 | USD | 12.16 | 0.6 | 67.7 | -10.9 |
| Eur Value C | OT | OT | LUX | 03/09 | EUR | 8.94 | 0.6 | 67.7 | -10.9 |
| Eur Value I | OT | OT | LUX | 03/09 | USD | 14.55 | 0.8 | 69.8 | -9.8 |
| Eur Value I | OT | OT | LUX | 03/09 | EUR | 10.70 | 0.8 | 69.8 | -9.8 |
| Gl Balanced (Euro) A | OT | OT | LUX | 03/09 | USD | 15.95 | 2.3 | 43.2 | -5.9 |
| Gl Balanced (Euro) B | OT | OT | LUX | 03/09 | USD | 15.52 | 2.1 | 41.7 | -6.8 |
| Gl Balanced (Euro) C | OT | OT | LUX | 03/09 | USD | 15.82 | 2.2 | 42.7 | -6.2 |
| Gl Balanced (Euro) I | OT | OT | LUX | 03/09 | USD | 16.27 | 2.4 | NS | NS |
| Gl Balanced A | US | BA | LUX | 03/09 | USD | 16.55 | 0.4 | 48.2 | -6.8 |
| Gl Balanced B | US | BA | LUX | 03/09 | USD | 15.70 | 0.2 | 46.6 | -7.8 |
| Gl Balanced C | OT | OT | LUX | 03/09 | USD | 16.29 | 0.3 | 47.6 | -7.1 |
| Gl Balanced C | OT | OT | LUX | 03/09 | EUR | 11.98 | 0.3 | 47.6 | -7.1 |
| Gl Balanced I | US | BA | LUX | 03/09 | USD | 17.18 | 0.5 | 49.1 | -6.2 |
| Gl Bond A | US | BD | LUX | 03/09 | USD | 9.38 | 2.2 | 18.4 | 5.2 |
| Gl Bond A2 | US | BD | LUX | 03/09 | USD | 16.38 | 2.3 | 18.5 | 5.2 |
| Gl Bond A2 | OT | OT | NA | 03/09 | HKD | 127.11 | 2.3 | 18.5 | 5.2 |
| Gl Bond AT | OT | OT | LUX | 03/09 | HKD | 72.71 | 2.3 | 18.4 | 5.2 |
| Gl Bond AT | US | BD | LUX | 03/09 | USD | 9.37 | 2.3 | 18.4 | 5.2 |
| Gl Bond B | US | BD | LUX | 03/09 | USD | 9.38 | 2.0 | 17.3 | 4.2 |
| Gl Bond B2 | US | BD | LUX | 03/09 | USD | 14.32 | 2.1 | 17.3 | 4.2 |
| Gl Bond B2 | OT | OT | NA | 03/09 | HKD | 111.12 | 2.1 | 17.3 | 4.2 |
| Gl Bond BT | OT | OT | LUX | 03/09 | HKD | 73.02 | 2.1 | 17.4 | 4.2 |
| Gl Bond BT | US | BD | LUX | 03/09 | USD | 9.41 | 2.1 | 17.4 | 4.2 |
| Gl Bond C | US | BD | LUX | 03/09 | USD | 9.38 | 2.1 | 17.9 | 4.7 |
| Gl Bond C2 | US | BD | LUX | 03/09 | USD | 14.20 | 2.2 | 17.9 | 4.8 |
| Gl Bond I | US | BD | LUX | 03/09 | USD | 9.38 | 2.3 | 19.0 | 5.8 |
| Gl Conservative A | US | BA | LUX | 03/09 | USD | 14.94 | 1.0 | 28.2 | -1.8 |
| Gl Conservative A2 | US | BA | LUX | 03/09 | USD | 17.09 | 0.9 | 28.2 | -1.8 |
| Gl Conservative B | US | BA | LUX | 03/09 | USD | 14.94 | 0.8 | 26.9 | -2.8 |
| Gl Conservative B2 | US | BA | LUX | 03/09 | USD | 16.20 | 0.7 | 26.9 | -2.8 |
| Gl Conservative C | US | BA | LUX | 03/09 | USD | 14.93 | 0.9 | 27.6 | -2.3 |
| Gl Conservative C2 | US | BA | LUX | 03/09 | USD | 16.70 | 0.8 | 27.6 | -2.3 |
| Gl Conservative I | US | BA | LUX | 03/09 | USD | 15.00 | 1.0 | 29.2 | -1.0 |
| Gl Eq Blend A | GL | EQ | LUX | 03/09 | USD | 11.55 | -0.9 | 70.6 | -15.8 |
| Gl Eq Blend B | GL | EQ | LUX | 03/09 | USD | 10.82 | -1.2 | 69.1 | -16.6 |
| Gl Eq Blend C | GL | EQ | LUX | 03/09 | USD | 11.34 | -1.0 | 70.0 | -16.1 |
| Gl Eq Blend I | GL | EQ | LUX | 03/09 | USD | 12.20 | -0.8 | 72.1 | -15.1 |
| Gl Growth A | GL | EQ | LUX | 03/09 | USD | 41.75 | -0.4 | 62.5 | -16.2 |
| Gl Growth B | GL | EQ | LUX | 03/09 | USD | 34.79 | -0.5 | 60.8 | -17.0 |
| Gl Growth C | GL | EQ | LUX | 03/09 | USD | 40.03 | -0.4 | 61.7 | -16.5 |
| Gl Growth I | GL | EQ | LUX | 03/09 | USD | 46.42 | -0.2 | 63.7 | -15.5 |
| Gl High Yield A | US | BD | LUX | 03/09 | USD | 4.43 | 3.7 | 70.8 | 7.9 |
| Gl High Yield A2 | US | BD | LUX | 03/09 | USD | 9.63 | 4.0 | 71.0 | 8.0 |
| Gl High Yield A2 | OT | OT | NA | 03/09 | HKD | 74.73 | 4.0 | 71.0 | 8.0 |
| Gl High Yield AT | OT | OT | NA | 03/09 | HKD | 34.07 | 3.9 | 71.0 | 7.9 |
| Gl High Yield AT | US | BD | LUX | 03/09 | USD | 4.39 | 3.9 | 71.0 | 7.9 |
| Gl High Yield B | US | BD | LUX | 03/09 | USD | 4.43 | 3.5 | 68.8 | 6.6 |
| Gl High Yield B2 | US | BD | LUX | 03/09 | USD | 15.45 | 3.8 | 69.4 | 6.9 |
| Gl High Yield B2 | OT | OT | NA | 03/09 | HKD | 119.89 | 3.8 | 69.4 | 6.9 |
| Gl High Yield BT | OT | OT | NA | 03/09 | HKD | 34.69 | 3.7 | 69.6 | 6.8 |
| Gl High Yield BT | US | BD | LUX | 03/09 | USD | 4.47 | 3.7 | 69.6 | 6.8 |
| Gl High Yield C | US | BD | LUX | 03/09 | USD | 4.43 | 3.6 | 69.9 | 7.4 |
| Gl High Yield C2 | US | BD | LUX | 03/09 | USD | 14.26 | 3.9 | 70.4 | 7.5 |
| Gl High Yield I | US | BD | LUX | 03/09 | USD | 4.43 | 3.8 | 71.9 | 8.7 |
| Gl Thematic Res. A | OT | OT | LUX | 03/09 | USD | 14.84 | 0.7 | 89.5 | 0.3 |
| Gl Thematic Res. B | OT | OT | LUX | 03/09 | USD | 12.96 | 0.5 | 87.8 | -0.7 |
| Gl Thematic Res. I | OT | OT | LUX | 03/09 | USD | 16.57 | 0.9 | 91.1 | 1.1 |
| Gl Value A | GL | EQ | LUX | 03/09 | USD | 10.98 | -1.4 | 80.0 | -15.3 |
| Gl Value B | GL | EQ | LUX | 03/09 | USD | 10.07 | -1.7 | 78.2 | -16.2 |
| Gl Value C | GL | EQ | LUX | 03/09 | USD | 10.66 | -1.6 | 79.2 | -15.7 |
| Gl Value I | GL | EQ | LUX | 03/09 | USD | 11.69 | -1.4 | 81.2 | -14.7 |
| Greater China A | AS | EQ | LUX | 03/09 | USD | 39.12 | -2.3 | 71.7 | -7.8 |
| Greater China B | AS | EQ | LUX | 03/09 | USD | 34.55 | -2.5 | 69.9 | -8.7 |
| Greater China C | AS | EQ | LUX | 03/09 | USD | 38.59 | -2.4 | 70.9 | -8.2 |
| India Growth A | OT | OT | LUX | 03/09 | USD | 128.99 | 1.6 | NS | NS |
| India Growth AX | OT | OT | LUX | 03/09 | USD | 112.81 | 1.7 | 132.5 | 1.3 |
| India Growth B | OT | OT | LUX | 03/09 | USD | 134.87 | 1.4 | NS | NS |
| India Growth BX | OT | OT | LUX | 03/09 | USD | 96.25 | 1.5 | 130.2 | 0.3 |
| India Growth I | EA | EQ | LUX | 03/09 | USD | 117.01 | 1.8 | 133.5 | 1.7 |
| Int'l Health Care A | OT | EQ | LUX | 03/09 | USD | 142.70 | 3.8 | 43.6 | -2.3 |
| Int'l Health Care B | OT | EQ | LUX | 03/09 | USD | 120.14 | 3.6 | 42.2 | -3.3 |
| Int'l Health Care C | OT | EQ | LUX | 03/09 | USD | 136.64 | 3.7 | 43.0 | -2.7 |
| Int'l Health Care I | OT | EQ | LUX | 03/09 | USD | 156.14 | 4.0 | 44.8 | -1.5 |
| Int'l Technology A | OT | EQ | LUX | 03/09 | USD | 110.02 | -0.3 | 78.5 | -2.2 |
| Int'l Technology B | OT | EQ | LUX | 03/09 | USD | 95.16 | -0.5 | 76.7 | -3.1 |
| Int'l Technology C | OT | EQ | LUX | 03/09 | USD | 106.23 | -0.4 | 77.6 | -2.6 |
| Int'l Technology I | OT | EQ | LUX | 03/09 | USD | 123.54 | -0.2 | 79.9 | -1.4 |
| Japan Eq Blend A | JP | EQ | LUX | 03/09 | JPY | 6059.00 | 0.6 | 44.1 | -14.7 |
| Japan Eq Blend B | JP | EQ | LUX | 03/09 | JPY | 5836.00 | 0.4 | 42.7 | -15.6 |
| Japan Eq Blend C | JP | EQ | LUX | 03/09 | JPY | 5957.00 | 0.5 | 43.4 | -15.1 |
| Japan Growth A | JP | EQ | LUX | 03/09 | JPY | 5751.00 | -2.1 | 31.5 | -16.6 |
| Japan Growth B | JP | EQ | LUX | 03/09 | JPY | 5540.00 | -2.3 | 30.2 | -17.4 |
| Japan Growth C | JP | EQ | LUX | 03/09 | JPY | 5655.00 | -2.2 | 30.9 | -16.9 |
| Japan Strat Value A | JP | EQ | LUX | 03/09 | JPY | 6322.00 | 3.3 | 56.4 | -13.3 |
| Japan Strat Value B | JP | EQ | LUX | 03/09 | JPY | 6095.00 | 3.1 | 54.9 | -14.1 |
| Japan Strat Value C | JP | EQ | LUX | 03/09 | JPY | 6210.00 | 3.2 | 55.6 | -13.7 |
| Real Estate Sec. A | OT | EQ | LUX | 03/09 | USD | 14.56 | 1.5 | 108.6 | -9.3 |
| Real Estate Sec. B | OT | EQ | LUX | 03/09 | USD | 13.29 | 1.3 | 106.7 | -10.2 |
| Real Estate Sec. I | OT | EQ | LUX | 03/09 | USD | 15.67 | 1.6 | 110.3 | -8.6 |
| Short Mat Dollar A | US | BD | LUX | 03/09 | USD | 7.29 | 0.9 | 15.7 | -2.6 |
| Short Mat Dollar A2 | US | BD | LUX | 03/09 | USD | 9.89 | 1.0 | 15.8 | -2.7 |
| Short Mat Dollar AT | US | BD | LUX | 03/09 | USD | 7.29 | 1.2 | 15.9 | -2.6 |
| Short Mat Dollar B | US | BD | LUX | 03/09 | USD | 7.29 | 0.8 | 15.2 | -3.1 |
| Short Mat Dollar B2 | US | BD | LUX | 03/09 | USD | 9.83 | 0.9 | 15.2 | -3.2 |
| Short Mat Dollar BT | OT | OT | LUX | 03/09 | USD | 7.30 | 0.9 | NS | -3.4 |
| Short Mat Dollar C | US | BD | LUX | 03/09 | USD | 7.29 | 0.8 | 15.2 | -3.1 |
| Short Mat Dollar C2 | US | BD | LUX | 03/09 | USD | 13.91 | 1.0 | 15.3 | -3.1 |
| Short Mat Dollar I | US | BD | LUX | 03/09 | USD | 7.29 | 1.0 | 16.3 | -2.1 |

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| **■ ALEXANDRA INVESTMENT MANAGEMENT** | | | | | | | | | |
| *Tel: +1 212 301 1800 Fax: +1 212 301 1810* | | | | | | | | | |
| Alexandra Convertible Bond Fund I, Ltd. (Class A) | OT | OT | VGB | 01/29 | USD | 1778.08 | 5.1 | 80.4 | NS |
| **■ CREDIT PACIFIC ASSET MANAGMENT** | | | | | | | | | |
| *www.creditpacific.com* | | | | | | | | | |
| CPS-Master Priv Fund | GL | OT | WSM | 03/08 | USD | 106.64 | 6.6 | 29.0 | 22.9 |
| **■ PLATINUM CAPITAL MANAGEMENT** | | | | | | | | | |
| *Tel: +44 207 024 9840, www.platinumfunds.net* | | | | | | | | | |
| Platinm-All Star | OT | OT | CYM | 12/31 | USD | 97.22 | 15.7 | 15.7 | -12.2 |
| Platinm-All Weather | OT | OT | USA | 10/31 | USD | 129.92 | 2.4 | 3.2 | 3.8 |
| Platinm-Dynasty | OT | OT | USA | 12/31 | USD | 116.00 | 12.9 | 12.9 | -29.1 |
| Platinm-Emancipation | OT | OT | USA | 01/29 | USD | 94.67 | 1.7 | 28.8 | -5.0 |
| Platinm-Equity Plus | OT | OT | USA | 05/29 | USD | 35.02 | -18.2 | -63.7 | -45.6 |
| Platinm-Gbl Dividend | OT | OT | CYM | 12/31 | USD | 62.80 | 37.2 | 37.2 | -26.9 |
| Platinm-Nordic | OT | OT | CYM | 01/29 | SEK | 627.50 | 1.6 | 14.6 | -12.4 |
| Platinm-Premier | OT | OT | CYM | 12/31 | USD | 21.20 | -55.9 | -66.0 | -44.3 |
| Platinm-Turnberry | OT | OT | USA | 01/29 | USD | 60.80 | 1.2 | NS | -27.0 |
| **■ SUPERFUND ASSET MANAGEMENT GMBH** | | | | | | | | | |
| *For info about open funds, contact info@superfund.com and www.superfund.com* | | | | | | | | | |
| **Closed for New Investments* | | | | | | | | | |
| Superfund Cayman* | OT | OT | CYM | 03/02 | USD | 36.86 | -9.6 | -57.1 | -21.6 |
| Superfund GCT USD* | GL | EQ | LUX | 03/02 | USD | 2015.00 | -8.2 | -45.9 | -16.0 |
| Superfund Green Gold A (SPC) | OT | OT | CYM | 03/02 | USD | 945.02 | -2.0 | -24.1 | -9.3 |
| Superfund Green Gold B (SPC) | OT | OT | CYM | 03/02 | USD | 887.44 | -5.2 | -39.0 | -16.7 |
| Superfund Q-AG* | OT | OT | AUT | 03/02 | EUR | 6312.00 | -4.7 | -29.0 | -6.5 |
| **■ WINTON CAPITAL MANAGEMENT LTD** | | | | | | | | | |
| *Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301* | | | | | | | | | |
| Winton Evolution EUR Cls H | OT | OT | CYM | 02/26 | EUR | 948.03 | 0.3 | -6.0 | NS |
| Winton Evolution GBP Cls G | OT | OT | CYM | 02/26 | GBP | 955.79 | 0.7 | -5.2 | NS |
| Winton Evolution USD Cls F | OT | OT | CYM | 02/26 | USD | 1203.51 | 0.4 | -5.9 | -0.4 |
| Winton Futures EUR Cls C | OT | OT | VGB | 02/26 | EUR | 196.05 | -0.4 | -5.7 | 1.6 |
| Winton Futures GBP Cls D | OT | OT | VGB | 02/26 | GBP | 212.23 | -0.3 | -5.2 | 2.4 |
| Winton Futures JPY Cls E | OT | OT | VGB | 02/26 | JPY | 13978.70 | 0.7 | -5.5 | -0.1 |
| Winton Futures USD Cls B | OT | OT | VGB | 02/26 | USD | 696.84 | -0.4 | -5.7 | 1.3 |
| **■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT** | | | | | | | | | |
| Concentra AE | EU | EQ | DEU | 03/10 | EUR | 51.50 | -0.6 | 70.1 | -2.7 |
| Industria AE | EU | EQ | DEU | 03/10 | EUR | 72.00 | 1.7 | 56.1 | -9.7 |
| InternRent AE | EU | BD | DEU | 03/10 | EUR | 37.62 | 6.8 | 6.8 | 11.2 |
| **■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866** | | | | | | | | | |
| *Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg* | | | | | | | | | |
| CAM-GTF Limited | AS | EQ | MUS | 02/26 | USD | 291543.70 | 6.2 | 132.5 | 11.4 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

INTERNATIONAL INVESTOR

# Blue chips decline; Google lifts Nasdaq

By Kristina Peterson And Donna Kardos Yesalavich

U.S. blue-chip stocks erased their morning gain on Wednesday as energy and materials stocks slid, as oil prices backed off their eight-week high and metals futures retreated.

**ABREAST OF THE MARKET**

The Dow Jones Industrial Average was down 21.76 points, or 02.%, at 10542.62 in midday trading. Weighing on the measure, **Merck** slid 1.4%. **Chevron** also weakened, down 1.2%.

Offsetting some of the Dow's declines, financial components rose, with **Bank of America** up 2.3% and **J.P. Morgan Chase** up 1.5%.

While the Dow slipped into negative territory, the Nasdaq Composite held onto a 0.4% rise. The Nasdaq was bolstered by **Google**, which climbed 1.5% after the company's chief executive said he expects the Internet search giant will soon reach a conclusion to negotiations with the Chinese government regarding the fate of its China business.

The Standard & Poor's 500-share index clung to a 0.2% rise, lifted by its financial and technology sectors. But energy and materials slid into the red, shedding their morning climbs, as oil prices backed off their eight-week high, falling back down near $82 per barrel and metals futures declined.

Traders said some of the Dow's retreat occurred after the S&P broke through a key technical level at 1140.

"The market is ready to take a bit of a break," said Anthony Conroy, head trader for equities at BNY ConvergEx. "Earnings have been the catalyst to take us up this far, now we're looking for the next catalyst to take us higher."

American International Group leapt 8.7% on heavy volume, adding to a sharp climb in recent days that has lifted the insurer's shares nearly 50% this month. The rally comes after AIG has sold off key assets and has been fueled by much speculation in the markets.

## European stocks

European stocks rose, supported by strength in the basic resources sector, as commodities received a boost from upbeat Chinese trade data. Still, trading was fairly muted and gains were limited as investors awaited fresh direction.

The Stoxx Europe 600 index was nearly flat at 256.7. London's FTSE 100 was up 0.1% at 5606.7, Frankfurt's DAX was up 0.2% at 5899.9 and Paris's CAC-40 was 0.3% higher at 3922.0.

Among commodities stocks in Europe, **Xstrata** rose 2.5%, while **Randgold Resources** added 2.3% after official data showed China's trade exports registered a 45.7% jump in February from a year earlier, while imports increased 44.7%.

# Yen falls as investors take on risk

By Bradley Davis

NEW YORK—The euro shook off lingering concerns over sovereign debt Wednesday to gain against the dollar and yen, as strong global data and a successful Portuguese bond sale helped stoke interest in riskier assets.

The strong rise reported overnight in Chinese exports also helped the Australian dollar, which is tied to China's voracious appetite for commodities, rise to its highest level against the dollar in seven weeks.

**CURRENCY MARKETS**

The dollar and euro also gained strongly against the Japanese yen as investors drifted away from the haven currency. The dollar jumped to its highest level in two weeks against the yen.

Near midday Wednesday, the dollar was at 90.61 yen from 89.98 yen late Tuesday, while the euro was at 123.64 yen from 122.36 yen. The euro was at $1.3646 from $1.3600. The U.K. pound was at $1.4951 from $1.4995. The dollar was at 1.0712 Swiss francs from 1.0754 francs, while the Australian dollar was trading at US$0.9159 from US$0.9140.

The ICE Dollar Index, which tracks the greenback against a trade-weighted basket of currencies, was at 80.365 from 80.580.

# Shanghai rally halted; Tokyo little changed

By Colin Ng and Leslie Shaffer

Chinese stocks snapped a three-day advance amid concerns about policy tightening, on a day when most Asian markets traded in a narrow range as investors looked toward economic data due out Thursday and Friday.

Central-bank policy decisions are expected Thursday in South Korea and New Zealand, along with Chinese consumer-price data. Traders are also looking toward U.S. retail-sales results on Friday.

**ASIAN-PACIFIC STOCKS**

China's Shanghai Composite fell 0.7% to 3048.93. Property stocks paced the decline as investors locked in gains. **Poly Real Estate Group** fell 1.8% and **Beijing Huaye Realestate** lost 3.2%. In Shenzhen, **China Vanke** dropped 1.5%.

Auto sales jumped 46% in February, but stocks fell on concerns the rate of growth may moderate in coming months. **SAIC Motor** slid 3.7% in Shanghai and **FAW Car** dropped 3% in Shenzhen.

In Tokyo, Japan's Nikkei Stock Average of 225 companies ended nearly flat at 10563.92.

Stocks moved in a tight range after January core machinery orders, a leading indicator of capital expenditure, dropped 3.7% in January from the previous month, in line with market expectations, said Yumi Nishimura at Daiwa Securities Capital Markets.

The slip in machinery orders doesn't obscure the general recovery, said Richard Jerram, at Macquarie Securities. After the 20.1% on-month surge in December, he said January's drop represented a surprisingly good result, adding that the recovery was likely to be sustained by stronger exports, particularly to China and other Asian neighbors.

"We've been seeing persistently good growth numbers out of the Asian economies, and it looks like that's been providing the dynamic for recovery," Mr. Jerram said.

The data helped machinery shares. **Okuma** added 5.3%, **Komatsu** rose 1.2% and **Hitachi Construction Machinery** gained 1.3%.

**Toyota Motor** fell 1.4% on concern about the financial impact from it global recall of vehicles.

**Nisshin Steel** jumped 6.9% after the Nikkei said it will make the stock a component of the Nikkei 225 Stock Average.

In Sydney, **Aurox Resources** nearly tripled in price following Tuesday's announcement of a merger with **Atlas Iron** in a deal that values Aurox at 143 million Australian dollars (US$130.7 million). Atlas Iron shares rose 4.5%.

Building and construction products distributor **Alesco** tumbled 32% after its profit warning on Tuesday prompted brokerage downgrades.

In Seoul, shares of **Kumho Tire** fell 2.7% after its union workers voted to go on strike next week if talks with the company over its layoff plans fail.


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GAM

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*George's Court, 54-62 Townsend Street, Dublin 2, Ireland*
*Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| GAM Arbitrage Op | OT | OT | VGB | 02/26 | USD | 1295.10 | 4.2 | 28.1 | -5.8 |
| GAM Asia Eq Hdg JPY Op | GL | EQ | VGB | 03/08 | JPY | 14500.48 | -6.6 | 70.7 | 2.6 |
| GAM Asia Equity Hedge US | OT | OT | VGB | 03/08 | USD | 271.06 | -6.6 | 74.9 | 3.9 |
| GAM Asia Equity USD | OT | OT | VGB | 03/09 | USD | 640.23 | -2.1 | 89.4 | -7.3 |
| GAM Asia-Pacific Eq USD | OT | OT | VGB | 03/09 | USD | 1328.80 | 3.6 | 54.4 | -9.6 |
| GAM Com Glb Bal EUR Op | US | BA | VGB | 02/26 | EUR | 96.23 | -0.6 | 22.8 | -7.5 |
| GAM Com Glb Bal USD Op | US | BA | VGB | 02/26 | USD | 127.05 | -0.6 | 22.8 | -7.5 |
| GAM Comp Glb Eq EUR Op | GL | EQ | VGB | 02/26 | EUR | 98.45 | -2.0 | 36.5 | -13.2 |
| GAM Comp Glb Eq USD Op | GL | EQ | VGB | 02/26 | USD | 124.92 | -2.0 | 36.5 | -13.2 |
| GAM Comp Glb Gr EUR Op | US | BA | VGB | 02/26 | EUR | 87.09 | -1.7 | 25.7 | -11.2 |
| GAM Comp Glb Gr USD Op | US | BA | VGB | 02/26 | USD | 124.96 | -1.7 | 25.7 | -11.2 |
| GAM CompAbsRT EUR Op | OT | OT | VGB | 09/30 | EUR | 141.71 | 9.1 | 0.1 | -6.9 |
| GAM CompAbsRT SGD Op | OT | OT | VGB | 09/30 | SGD | 102.21 | 9.2 | -0.1 | -8.3 |
| GAM CompAbsRT USD Op | OT | OT | VGB | 09/30 | USD | 845.66 | 9.5 | 0.7 | -7.0 |
| GAM Cptal Apprec Eq Inc | US | EQ | VGB | 03/05 | USD | 256.35 | 3.1 | 63.1 | -4.9 |
| GAM Cross Trading Inc | OT | OT | VGB | 02/26 | USD | 460.25 | -1.2 | 3.0 | 1.5 |
| GAM Diversity CHF Op | OT | OT | VGB | 02/26 | CHF | 93.96 | -0.4 | 3.2 | -6.2 |
| GAM Diversity EUR Op | OT | OT | VGB | 02/26 | EUR | 646.71 | -0.3 | 3.8 | -4.7 |
| GAM Diversity USD 2.5XL | OT | OT | VGB | 02/26 | USD | 77.49 | -1.0 | 6.9 | -17.8 |
| GAM Diversity USD Op | OT | OT | VGB | 02/26 | USD | 679.15 | -0.3 | 3.9 | -5.3 |
| GAM Dvrsty II CHF Op | OT | OT | VGB | 02/26 | CHF | 99.14 | -0.4 | 2.6 | -5.8 |
| GAM Dvrsty II EUR Op | OT | OT | VGB | 02/26 | EUR | 138.37 | -0.3 | 2.9 | -4.8 |
| GAM Dvrsty II USD Op | OT | OT | VGB | 02/26 | USD | 209.57 | -0.3 | 3.2 | -5.1 |
| GAM DvrstyIII EUR Op | OT | OT | VGB | 02/26 | EUR | 115.18 | -0.3 | 2.9 | -5.0 |
| GAM DvrstyIII USD Op | OT | OT | VGB | 02/26 | USD | 121.64 | -0.3 | 3.1 | -5.1 |
| GAM Euro Eq Hdg EUR Op | EU | EQ | VGB | 03/08 | EUR | 223.19 | 2.0 | 16.8 | -0.9 |
| GAM Euro Eq Hdg USD Op | OT | OT | VGB | 03/08 | USD | 207.03 | 1.8 | 18.0 | 0.7 |
| GAM European Equity USD | OT | OT | VGB | 03/08 | USD | 280.71 | -4.3 | 59.3 | -10.2 |
| GAM GAMCO | OT | EQ | VGB | 03/02 | USD | 834.20 | 2.9 | 67.3 | -7.4 |
| GAM Gb EmMkts Hdg EUROp | OT | OT | VGB | 03/08 | EUR | 98.86 | 1.0 | 14.7 | -14.9 |
| GAM Gb EmMkts Hdg USDOp | OT | OT | VGB | 03/08 | USD | 104.34 | 1.1 | 16.0 | -14.1 |
| GAM Gbl Divers USD Inc. | GL | EQ | VGB | 03/08 | USD | 255.28 | 2.2 | 52.4 | -3.4 |
| GAM Grtr China Eq Hdg Op | GL | EQ | VGB | 03/08 | USD | 269.27 | -6.1 | 111.0 | 22.3 |
| GAM Intrst Trend II | GL | BD | VGB | 02/26 | USD | 105.18 | 11.7 | 78.5 | -1.9 |
| GAM Intrst Trend Inc | OT | OT | VGB | 02/26 | USD | 280.08 | 11.4 | 96.6 | -0.5 |
| GAM Japan Eq Hdg EUR Op | AS | EQ | VGB | 03/08 | EUR | 125.31 | 7.4 | 27.7 | 1.8 |
| GAM Japan Eq Hdg USD Op | OT | OT | VGB | 03/08 | USD | 128.57 | 5.4 | 27.5 | -11.9 |
| GAM Japan Eq Hdg YEN Open | AS | EQ | VGB | 03/08 | JPY | 8851.63 | 5.3 | 25.8 | -11.0 |
| GAM Japan USD | JP | EQ | VGB | 03/09 | USD | 1167.28 | 5.9 | 51.2 | -9.6 |
| GAM Japan YEN | JP | EQ | VGB | 03/09 | JPY | 9209.74 | 4.4 | 44.7 | -13.8 |
| GAM Money Mkt EuroOp | EU | MM | VGB | 03/08 | EUR | 51.16 | 0.7 | 0.8 | 1.7 |
| GAM Money Mkt USD | US | MM | VGB | 03/08 | USD | 100.04 | 0.2 | 0.0 | 0.6 |
| GAM Multi-Arb EUR Op | OT | OT | VGB | 02/26 | EUR | 112.52 | 1.2 | 1.4 | -8.1 |
| GAM Multi-Arb USD Op | OT | OT | VGB | 02/26 | USD | 117.40 | 1.2 | 1.6 | -8.4 |
| GAM Multi-China EUR Op | OT | OT | VGB | 02/26 | EUR | 160.32 | -4.6 | NS | -6.5 |
| GAM Multi-China USD Op | OT | OT | VGB | 02/26 | USD | 168.97 | -4.3 | 8.1 | -7.1 |
| GAM Multi-Emer Mkts GBP | OT | OT | VGB | 02/26 | GBP | 128.51 | -2.3 | 23.0 | -2.1 |
| GAM Multi-Emer Mkts USD | OT | OT | VGB | 02/26 | USD | 636.36 | -2.2 | 23.2 | -2.5 |
| GAM Multi-Eur EUR Op | OT | OT | VGB | 02/26 | EUR | 264.14 | -1.7 | 3.5 | -6.4 |
| GAM Multi-Eur II EUR Op | OT | OT | VGB | 02/26 | EUR | 135.91 | -1.7 | 3.4 | -6.5 |
| GAM Multi-Eur II USD Op | OT | OT | VGB | 02/26 | USD | 111.17 | -1.7 | 3.4 | -7.5 |
| GAM Multi-Eur USD Op | OT | OT | VGB | 02/26 | USD | 459.73 | -1.7 | 3.3 | -7.4 |
| GAM Multi-Nth Am EUR Special | OT | OT | VGB | 02/26 | EUR | 133.40 | -0.4 | 8.8 | -1.9 |
| GAM Multi-Nth Am USD Special | OT | OT | VGB | 02/26 | USD | 217.04 | -0.5 | 9.0 | -2.1 |
| GAM Multi-Pac EUR Op | GL | EQ | VGB | 02/26 | EUR | 139.32 | -2.8 | 0.9 | -3.7 |
| GAM Multi-Pac USD Op | OT | OT | VGB | 02/26 | USD | 160.94 | -2.7 | 1.6 | -4.0 |
| GAM Portable Dvr/S&P500 | OT | OT | VGB | 08/24 | USD | 70.11 | 17.7 | -27.7 | -22.9 |
| GAM Selection Hdg | US | EQ | VGB | 02/26 | USD | 2697.91 | 2.3 | 68.6 | 13.1 |
| GAM Sing/Malaysia | AS | EQ | VGB | 03/09 | USD | 2495.76 | -1.2 | 78.9 | -3.1 |
| GAM Sterling Spe Bd Inc | OT | OT | VGB | 03/01 | GBP | 238.99 | 3.9 | 52.8 | 6.6 |
| GAM Trading EUR Inc | OT | OT | VGB | 02/26 | EUR | 321.07 | -1.3 | 2.6 | 3.3 |
| GAM Trading USD Inc | OT | OT | VGB | 02/26 | USD | 961.40 | -1.2 | 3.1 | 2.7 |
| GAM Trdg II IncEUR Op | OT | OT | VGB | 02/26 | EUR | 137.36 | -1.2 | 2.5 | 3.3 |
| GAM Trdg II IncUSD Op | OT | OT | VGB | 02/26 | USD | 312.17 | -1.2 | 3.1 | 2.7 |
| GAM Trdg IV IncEUR Op | OT | OT | VGB | 02/26 | EUR | 144.90 | -1.3 | 2.4 | 3.0 |
| GAM Trdg IV IncUSD Op | OT | OT | VGB | 02/26 | USD | 152.62 | -1.2 | 2.9 | 2.5 |
| GAM Trdg V IncEUR Op | OT | OT | VGB | 02/26 | EUR | 122.83 | -1.3 | 2.8 | 2.9 |
| GAM Trdg V IncUSD Op | OT | OT | VGB | 02/26 | USD | 128.05 | -1.2 | 3.3 | 2.5 |
| GAM TrdgIII IncEUR Op | OT | OT | VGB | 02/26 | EUR | 154.93 | -1.3 | 2.4 | 2.9 |
| GAM TrdgIII IncUSD Op | OT | OT | VGB | 02/26 | USD | 160.53 | -1.2 | 2.9 | 2.6 |
| GAM USDSpecBondInc | US | BD | VGB | 03/01 | USD | 560.55 | 5.8 | 104.1 | 10.3 |
| GAM Worldwide | GL | EQ | VGB | 03/08 | USD | 2181.24 | -2.0 | 60.3 | -7.6 |
| GAMut Investments | OT | OT | VGB | 03/03 | USD | 7629.94 | 0.6 | 1.1 | 6.0 |

■ GAM Star Fund Plc

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| GAMStar-AsEqCHF Ord Ac | AS | EQ | IRL | 03/08 | CHF | 11.15 | 1.0 | 67.2 | -5.6 |
| GAMStar-AsEqEUR Ord Ac | AS | EQ | IRL | 03/08 | EUR | 12.20 | 2.5 | 70.8 | -1.1 |
| GAMStar-AsEqGBP Ord Ac | AS | EQ | IRL | 03/08 | GBP | 1.64 | 4.7 | 72.1 | 7.8 |
| GAMStar-AsEqUSD Ord Ac | AS | EQ | IRL | 03/08 | USD | 13.07 | -2.6 | 84.2 | -6.6 |
| GAMStar-AsPacEqEUR Acc | AS | EQ | IRL | 03/08 | EUR | 108.34 | 7.1 | 47.9 | -3.0 |
| GAMStar-AsPacEqEUR Inc | AS | EQ | IRL | 03/08 | EUR | 104.85 | 7.1 | 47.9 | -3.0 |
| GAMStar-ContEurEqEUR Ac | EU | EQ | IRL | 03/08 | EUR | 11.23 | 2.1 | 53.4 | -2.0 |
| GAMStar-EurpEqEUR Acc | EU | EQ | IRL | 03/08 | EUR | 184.69 | 0.9 | 50.2 | -5.1 |
| GAMStar-EurpEqEUR Inc | EU | EQ | IRL | 03/08 | EUR | 168.76 | 0.9 | 50.1 | -5.1 |
| GAMStar-EurpEqUSD Acc | EU | EQ | IRL | 03/08 | USD | 15.35 | -4.0 | 61.7 | -10.0 |
| GAMStar-EurpEqUSD Inc | EU | EQ | IRL | 03/08 | USD | 13.92 | -4.0 | 61.6 | -10.0 |
| GAMStar-FrontierOppUSD Acc | GL | EQ | IRL | 03/08 | USD | 5.67 | 3.4 | 51.8 | NS |
| GAMStar-JpnEq EUR Acc | JP | EQ | IRL | 03/08 | EUR | 95.39 | 8.4 | 41.1 | -2.6 |
| GAMStar-JpnEq EUR Inc | JP | EQ | IRL | 03/08 | EUR | 95.40 | 8.4 | 41.1 | -2.6 |
| GAMStar-JpnEq JPY Acc | JP | EQ | IRL | 03/08 | JPY | 960.68 | 4.3 | 41.6 | -13.5 |
| GAMStar-JpnEq USD Acc | JP | EQ | IRL | 03/08 | USD | 11.74 | 5.6 | 46.8 | -9.7 |
| GAMStar-World EqUSD Acc | GL | EQ | IRL | 03/08 | USD | 2196.68 | -1.8 | 61.3 | -7.0 |

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| American Growth | US | EQ | LUX | 03/10 | USD | 15.51 | 1.4 | 62.0 | -7.4 |
| American Growth AA | US | EQ | LUX | 03/10 | USD | 0.89 | 1.3 | 61.6 | -5.6 |
| Asian Equity | AS | EQ | LUX | 03/10 | USD | 2.42 | -1.4 | 89.8 | -5.3 |
| Asian Equity AA | AS | EQ | LUX | 03/10 | USD | 0.78 | -1.5 | 89.0 | -5.6 |
| Asian Sm Cap Equity AA | AS | EQ | LUX | 03/10 | USD | 1.19 | 2.3 | 128.8 | 2.0 |
| China Value A | AS | EQ | LUX | 03/10 | USD | 6.86 | -3.8 | 74.1 | -1.2 |
| China Value AA | AS | EQ | LUX | 03/10 | USD | 2.16 | -3.9 | 73.6 | -1.5 |
| Dragon Growth | AS | EQ | LUX | 03/10 | USD | 1.62 | -2.0 | 83.4 | -2.3 |
| Dragon Growth AA | OT | OT | LUX | 03/10 | HKD | 7.86 | -2.0 | 82.9 | -3.2 |
| Emg Eastrn Europe A | EU | EQ | LUX | 03/10 | USD | 4.72 | 0.9 | 141.8 | -12.3 |
| Emg Eastrn Europe AA | EU | EQ | LUX | 03/10 | USD | 2.03 | 0.9 | 141.4 | -12.4 |
| European Growth | EU | EQ | LUX | 03/10 | USD | 8.79 | -5.1 | 85.8 | -15.7 |
| European Growth AA | EU | EQ | LUX | 03/10 | USD | 0.63 | -5.1 | 85.4 | -15.9 |
| Global Contrarain AA | GL | EQ | LUX | 03/10 | USD | 0.93 | 5.0 | 135.4 | NS |
| Global Property AA | OT | EQ | LUX | 03/10 | USD | 0.69 | 2.0 | 114.5 | -8.8 |
| Global Resources AA | OT | EQ | LUX | 03/10 | USD | 1.08 | -0.5 | 67.5 | -16.0 |
| Healthcare AA | OT | EQ | LUX | 03/10 | USD | 0.99 | 4.9 | 44.9 | NS |
| India Equity AA | EA | EQ | LUX | 03/10 | USD | 1.09 | -1.4 | 113.0 | -5.2 |
| International Growth | GL | EQ | LUX | 03/10 | USD | 3.05 | -0.1 | 57.1 | -11.8 |
| International Growth AA | GL | EQ | LUX | 03/10 | USD | 0.71 | -0.2 | 56.8 | -12.0 |
| Japanese Growth | JP | EQ | LUX | 03/10 | USD | 2.81 | 3.0 | 49.6 | -8.9 |
| Japanese Growth AA | JP | EQ | LUX | 03/10 | USD | 0.74 | 3.7 | 50.2 | -8.8 |
| Latin America Equity AA | GL | EQ | LUX | 03/10 | USD | 1.29 | -1.6 | 125.5 | -5.1 |
| Manulife GF Strategic Income Fund AA | OT | OT | NA | 03/10 | USD | 1.03 | 2.6 | NS | NS |
| MGF Asia Value Dividend Equity Fund | OT | OT | Lux | 03/10 | USD | 1.16 | 0.8 | NS | NS |
| Russia Equity AA | EE | EQ | LUX | 03/10 | USD | 0.70 | 6.5 | 163.3 | -17.3 |
| Taiwan Equity AA | AS | EQ | LUX | 03/09 | USD | 1.02 | -5.5 | 84.3 | -3.6 |
| Turkey Equity AA | EE | EQ | LUX | 03/10 | USD | 0.75 | -2.3 | 179.8 | 1.0 |
| U.S. Bond AA | US | BD | LUX | 03/10 | USD | 1.14 | 2.4 | 21.0 | 8.7 |
| U.S. Sm Cap Equity AA | US | EQ | LUX | 03/10 | USD | 0.92 | 11.8 | 116.6 | -2.1 |
| U.S. Special Opportunities | OT | OT | LUX | 03/10 | USD | 0.89 | 9.6 | 122.2 | 9.8 |
| U.S. Tsy Inf-ProtSec AA | OT | BD | LUX | 03/10 | USD | 1.14 | 0.4 | 10.7 | 0.2 |

■ PT CIPTADANA ASSET MANAGEMENT
*Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Indonesian Grth Fund | EA | EQ | CYM | 03/03 | USD | 129.92 | 2.0 | 140.7 | -4.3 |

Sensible Asset Management
*A Value Partners Group company*

■ SENSIBLE ASSET MANAGEMENT LIMITED
*www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Asia Value Formula Fd-B | AS | EQ | CYM | 03/09 | USD | 8.10 | 1.0 | 116.0 | -1.2 |

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
*Hotline in Hong Kong 2166 5099*
*A company of Amundi Group*
*www.sgam.com*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bonds Eur Hi Yld A | OT | OT | LUX | 03/08 | EUR | 21.61 | 5.0 | 66.2 | 6.1 |
| Bonds EURO A | OT | OT | LUX | 03/09 | EUR | 41.65 | 1.5 | 5.1 | 4.8 |
| Bonds EUROPE A | OT | OT | LUX | 03/09 | EUR | 39.69 | 1.5 | 3.9 | 4.1 |
| Bonds US OppsCoreplus A | OT | OT | LUX | 03/08 | USD | 37.41 | 1.4 | 18.2 | 8.4 |
| Bonds World A | OT | OT | LUX | 03/09 | USD | 41.61 | -0.9 | 13.4 | 2.1 |
| Eq. AsiaPac Dual Strategies A | OT | OT | LUX | 03/09 | USD | 10.24 | -1.8 | 94.2 | -5.3 |
| Eq. China A | AS | EQ | LUX | 03/09 | USD | 22.83 | -5.4 | 76.1 | -6.4 |
| Eq. Concentrated Euroland A | OT | OT | LUX | 03/09 | EUR | 92.39 | -0.6 | 50.8 | -11.1 |
| Eq. ConcentratedEuropeA | EU | EQ | LUX | 03/09 | EUR | 27.07 | 0.2 | 60.7 | -10.6 |
| Eq. Emerging Europe A | OT | OT | LUX | 03/08 | EUR | 25.74 | 9.3 | 121.1 | -15.6 |
| Eq. Euroland A | EU | EQ | LUX | 03/09 | EUR | 10.79 | -0.4 | 54.1 | -12.0 |
| Eq. Euroland Small Cap A | OT | OT | LUX | 03/09 | EUR | 145.34 | 3.0 | 64.4 | -5.0 |
| Eq. EurolandCyclclsA | EU | EQ | LUX | 03/09 | EUR | 18.17 | 2.1 | 57.3 | -7.7 |
| Eq. EurolandFinancialA | OT | EQ | LUX | 03/09 | EUR | 10.79 | -4.6 | 113.6 | -14.6 |
| Eq. Glbl Emg Cty A | GL | EQ | LUX | 03/09 | USD | 9.24 | -4.6 | 81.8 | -12.9 |
| Eq. Global A | GL | EQ | LUX | 03/09 | USD | 28.05 | 0.7 | 72.4 | -8.4 |
| Eq. Global Energy A | OT | OT | LUX | 03/08 | USD | 17.79 | -1.9 | 49.8 | -14.8 |
| Eq. Global Resources A | OT | OT | LUX | 03/08 | USD | 109.46 | 0.2 | 71.3 | -13.7 |
| Eq. Gold Mines A | OT | EQ | LUX | 03/09 | USD | 30.17 | -0.4 | 52.1 | -7.2 |
| Eq. India A | OT | OT | LUX | 03/09 | USD | 129.45 | -1.0 | 113.3 | -5.2 |
| Eq. Japan CoreAlpha A | OT | OT | LUX | 03/09 | JPY | 7576.71 | 4.4 | 48.9 | -4.6 |
| Eq. Latin America A | OT | OT | LUX | 03/08 | USD | 113.32 | -2.5 | 103.8 | -9.8 |
| Eq. US Lg Cap Gr A | US | EQ | LUX | 03/09 | USD | 15.50 | 1.6 | 65.6 | -5.7 |
| Eq. US Rel Val A | US | EQ | LUX | 03/08 | USD | 21.08 | 2.3 | 79.6 | -8.9 |
| Eq. US Sm Cap Val A | US | EQ | LUX | 03/09 | USD | 16.88 | 5.8 | 90.3 | -10.8 |
| Money Market EURO A | EU | MM | LUX | 03/09 | EUR | 27.41 | 0.1 | 0.6 | 2.3 |
| Money Market USD A | US | MM | LUX | 03/09 | USD | 15.83 | 0.0 | 0.3 | 1.3 |

The National Investor

■ THE NATIONAL INVESTOR
*TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| TNI Mena Real Estate Fund | OT | OT | BMU | 03/04 | USD | 887.13 | -7.7 | 2.4 | -32.3 |
| TNI MENA Special Sits Fund | OT | OT | BMU | 02/28 | USD | 1109.04 | 2.8 | 16.0 | NS |
| TNI UAE Blue Chip Fund | OT | OT | ARE | 03/04 | AED | 4.76 | -10.6 | 9.7 | -37.1 |

Value Partners
*Investing through discipline*

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Intel-Chin MainInd Foc | AS | EQ | CYM | 02/26 | USD | 28.68 | -3.9 | 76.4 | 6.4 |
| Intel-China Converg* | AS | EQ | CYM | 02/26 | USD | 109.61 | -3.9 | 76.5 | 4.4 |
| VP Classic - A | AS | EQ | CYM | 03/09 | USD | 185.66 | -0.4 | 92.2 | 3.7 |
| VP Classic - B | AS | EQ | CYM | 03/09 | USD | 86.45 | -0.5 | 91.2 | 3.2 |
| VP High Dividend Stk | AS | EQ | CYM | 03/08 | USD | 46.67 | 2.7 | 100.9 | 6.3 |

yuki
Yuki Management & Research
Tel +81-3-5299-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED
*Tel +44-207-269 0203 www.yukifunds.com*

■ YMR-N Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| YMR-N Growth Fund | OT | OT | IRL | 03/10 | JPY | 9264.00 | -2.1 | 35.7 | -15.3 |
| YMR-N Small Cap Fund | OT | OT | IRL | 03/10 | JPY | 6687.00 | -4.6 | 26.2 | -15.2 |

■ Yuki 77 Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki 77 General | JP | EQ | IRL | 03/10 | JPY | 5955.00 | -3.0 | 26.6 | -20.1 |
| Yuki 77 Growth | JP | EQ | IRL | 03/10 | JPY | 5453.00 | -3.3 | 17.5 | -24.1 |

■ Yuki Chugoku Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Chugoku Jpn Gen | JP | EQ | IRL | 03/10 | JPY | 6763.00 | -0.9 | 34.0 | -15.7 |
| Yuki Chugoku JpnLowP | JP | EQ | IRL | 03/10 | JPY | 7882.00 | 4.3 | 24.6 | -14.4 |

■ Yuki Hokuyo Japan Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Hokuyo Jpn Gen | JP | EQ | IRL | 03/10 | JPY | 4641.00 | -0.5 | 29.4 | -20.0 |
| Yuki Hokuyo Jpn Inc | JP | EQ | IRL | 03/10 | JPY | 5324.00 | 1.5 | 28.3 | -14.6 |
| Yuki Hokuyo Jpn Sm Cap | JP | EQ | IRL | 03/10 | JPY | 4833.00 | -5.4 | 21.5 | -17.5 |

■ Yuki Mizuho Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Mizuho Gen Jpn III | OT | OT | IRL | 03/10 | JPY | 4294.00 | -2.7 | 28.5 | -24.3 |
| Yuki Mizuho Jpn Dyn Gro | OT | OT | IRL | 03/10 | JPY | 4530.00 | -2.8 | 27.9 | -24.2 |
| Yuki Mizuho Jpn Exc 100 | OT | OT | IRL | 03/10 | JPY | 6767.00 | -2.7 | 37.7 | -18.7 |
| Yuki Mizuho Jpn Gen | OT | OT | IRL | 03/10 | JPY | 8501.00 | -1.3 | 33.5 | -15.9 |
| Yuki Mizuho Jpn Gro | OT | OT | IRL | 03/10 | JPY | 6181.00 | -2.7 | 24.7 | -18.7 |
| Yuki Mizuho Jpn Inc | OT | OT | IRL | 03/10 | JPY | 7683.00 | 0.7 | 17.5 | -17.5 |
| Yuki Mizuho Jpn Lg Cap | OT | OT | IRL | 03/10 | JPY | 5155.00 | -0.4 | 33.7 | -17.1 |
| Yuki Mizuho Jpn LowP | OT | OT | IRL | 03/10 | JPY | 11708.00 | 1.0 | 32.1 | -12.3 |
| Yuki Mizuho Jpn PGth | OT | OT | IRL | 03/10 | JPY | 7605.00 | -4.3 | 24.7 | -21.4 |
| Yuki Mizuho Jpn SmCp | OT | OT | IRL | 03/10 | JPY | 6651.00 | -7.0 | 27.6 | -18.8 |
| Yuki Mizuho Jpn Val Sel | OT | OT | IRL | 03/10 | JPY | 5661.00 | 0.4 | 32.9 | -14.2 |
| Yuki Mizuho Jpn YoungCo | OT | OT | IRL | 03/10 | JPY | 2619.00 | -3.3 | 31.2 | -22.8 |

■ Yuki Shizuoka Japan Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Shizuoka General Japan | JP | EQ | IRL | 03/10 | JPY | 5372.00 | -0.8 | 33.4 | -17.0 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

# BLUE CHIPS & BONDS

# Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

## Giants around the world

In U.S.-dollar terms.

### Dow Jones Country Titans

| | INDEX PERFORMANCE | | |
|---|---|---|---|
| | Previous session | Year-to-date | 52-week |
| Sweden | 0.76% | 6.4% | 58.3% |
| Switzerland | 0.05 | 4.9 | 59.6 |
| Netherlands | 0.45 | 3.8 | 71.8 |
| U.K. | 0.29 | 3.7 | 53.7 |
| Japan | -0.21 | 1.5 | 31.5 |
| South Africa | 0.65 | 1.2 | 37.1 |
| Canada | 0.23 | 1.1 | 44.8 |
| Australia | 0.05 | 0.2 | 47.1 |
| Russia | -0.89 | -0.5% | 64.6 |
| France | 0.54 | -0.5 | 49.3 |
| Germany | 0.53 | -1.2 | 44.2 |
| Singapore | 0.84 | -1.8 | 92.6 |
| Hong Kong | 0.06 | -2.3 | 63.6 |
| Turkey | -0.56 | -2.4 | 119.3 |
| South Korea | 0.01 | -2.5 | 49.1 |
| Italy | 0.48 | -2.9 | 68.9 |
| Brazil | 0.64 | -3.4 | 101.8 |
| Spain | 0.56 | -5.5 | 43.8 |
| China 88 | -0.52 | -9.9 | 39.5 |

### Dow Jones Regional Sector Titans

| | | | |
|---|---|---|---|
| Travel Leisure | 0.15% | 6.4% | 59.8% |
| Ind Gds Svcs | 0.07 | 5.5 | 81.4 |
| Arab 50 | 0.42 | 5.3 | 35.4 |
| Pers H'hold Gds | -0.47 | 4.3 | 51.5 |
| Retail | -0.04 | 3.0 | 56.0 |
| Media | 0.20 | 2.2 | 70.2 |
| Asian 50 | -0.40 | 1.9 | 63.3 |
| DJ Sector Titans Real Estate Index | -0.64 | 0.6 | 85.6 |
| Global 50 | -0.05 | -2.0% | 49.5 |
| Tiger 50* | 0.21 | -3.0 | 80.6 |

*Asia excluding Japan

Source: Dow Jones Indexes

## Dow Jones Asia Titans: Wednesday's best and worst...

| Company | Country | Industry | Market value, in billions of US$ | Previous close, in local currency | STOCK PERFORMANCE Previous session | 52-week | Three-year |
|---|---|---|---|---|---|---|---|
| **Nintendo** | Japan | Toys | $38.8 | 27,500 | 1.66% | -3.4% | -15.9% |
| **QBE Ins Grp** | Australia | Reinsurance | 20.1 | 21.41 | 1.47 | 33.8 | -29.1 |
| **Sony** | Japan | Consumer Electronics | 37.1 | 3,375 | 1.35 | 87.4 | -42.4 |
| **Westpac Bking** | Australia | Banks | 72.9 | 27.33 | 1.33 | 62.0 | 8.3 |
| **CNOOC** | Hong Kong | Exploration Production | 73.3 | 12.74 | 1.11 | 86.0 | 103.5 |
| **Westfield Grp** | Australia | Retail REITs | $25.5 | 12.07 | -1.87% | 29.8 | -42.2 |
| **KDDI** | Japan | Mobile Telecommunications | 23.0 | 470,500 | -1.47 | 6.7 | -46.7 |
| **Toyota Motor** | Japan | Automobiles | 119.6 | 3,445 | -1.43 | 18.4 | -54.3 |
| **Nippon T&T** | Japan | Fixed Line Telecommunications | 56.5 | 3,875 | -1.40 | 6.5 | -33.5 |
| **KB Fncl Group** | South Korea | Banks | 17.7 | 52,100 | -1.33 | 66.4 | -34.9 |

## ...And the rest of Asia's blue chips

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Canon** Japan (Electronic Office Equipment) | 54.5 | 4,000 | 0.88% | 75.8% | -34.9% |
| **Commonwlth Bk of Aus** Australia (Banks) | 77.5 | 55.69 | 0.87 | 94.7 | 14.4 |
| **China Life Ins** Hong Kong (Life Insurance) | 35.1 | 36.55 | 0.83 | 64.6 | 77.9 |
| **Woodside Petroleum** Australia (Exploration Production) | 29.9 | 45.49 | 0.60 | 23.0 | 28.3 |
| **Aus NZ Bk** Australia (Banks) | 54.9 | 23.94 | 0.50 | 82.1 | -15.4 |
| **China Constr Bk** Hong Kong (Banks) | 180.1 | 6.22 | 0.32 | 56.7 | 46.7 |
| **Woolworths** Australia (Food Retailers Wholesalers) | 31.8 | 28.20 | 0.28 | 10.6 | 2.6 |
| **Taiwan Smcndtr Mfg** Taiwan (Semiconductors) | 50.1 | 61.40 | 0.16 | 26.7 | -8.2 |
| **Honda Motor** Japan (Automobiles) | 65.4 | 3,245 | 0.15 | 46.8 | -21.1 |
| **China Mobile (HK)** Hong Kong (Mobile Telecommunications) | 190.0 | 74.15 | 0.14 | 13.4 | 10.4 |
| **Kansai Elec Power** Japan (Conventional Electricity) | 22.3 | 2,115 | 0.14 | 0.5 | -39.9 |
| **Takeda Pharm** Japan (Pharmaceuticals) | 35.0 | 4,025 | 0.12 | 21.6 | -47.4 |
| **PetroChina** Hong Kong (Integrated Oil Gas) | 25.0 | 9.19 | 0.11 | 68.6 | 6.2 |
| **Cheung Kong** Hong Kong (Real Estate Holding Development) | 29.3 | 98.20 | 0.05 | 66.2 | 7.4 |
| **Tokio Marine Hldgs** Japan (Property Casualty Insurance) | 21.9 | 2,520 | 0.04 | 24.4 | -36.8 |
| **Hutchison Whampoa** Hong Kong (Diversified Industrials) | 31.2 | 56.70 | ... | 53.2 | -21.5 |
| **Mizuho Financial Grp** Japan (Banks) | 28.7 | 185.00 | ... | 5.1 | -76.2 |
| **Mitsui** Japan (Industrial Suppliers) | 30.0 | 1,504 | ... | 79.5 | -27.7 |
| **Shin-Etsu Chml** Japan (Specialty Chemicals) | 23.5 | 5,030 | ... | 16.7 | -27.9 |
| **Hon Hai Precision Ind** Taiwan (Electrical Components Equipment) | 37.1 | 138.00 | ... | 133.0 | 0.5 |

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Indl Comm Bk China** Hong Kong (Banks) | 63.3 | 5.91 | ... | 81.3% | 40.1% |
| **Panasonic** Japan (Consumer Electronics) | 30.4 | 1,331 | -0.22% | 24.7 | -42.8 |
| **Samsung Elec** South Korea (Semiconductors) | 102.4 | 784,000 | -0.25 | 49.3 | 34.3 |
| **National Australia Bk** Australia (Banks) | 51.4 | 26.80 | -0.26 | 64.4 | -32.0 |
| **Mitsubishi** Japan (Industrial Suppliers) | 42.3 | 2,335 | -0.26 | 103.2 | -11.6 |
| **Nissan Motor** Japan (Automobiles) | 33.1 | 736.00 | -0.27 | 117.1 | -43.5 |
| **Sumitomo Mitsui Finl** Japan (Banks) | 42.6 | 2,867 | -0.31 | 1.7 | -73.7 |
| **East Japan Railway** Japan (Travel Tourism) | 26.6 | 6,090 | -0.33 | 21.3 | -33.3 |
| **BHP Billiton** Australia (General Mining) | 132.9 | 43.24 | -0.37 | 41.8 | 60.9 |
| **Sun Hung Kai Prop** Hong Kong (Real Estate Holding Development) | 37.8 | 114.40 | -0.44 | 93.2 | 30.2 |
| **Shinhan Financial Grp** South Korea (Banks) | 18.7 | 44,550 | -0.45 | 91.2 | -11.0 |
| **Seven I Hldgs** Japan (Broadline Retailers) | 19.5 | 1,959 | -0.51 | -2.3 | -44.5 |
| **NTT DoCoMo** Japan (Mobile Telecommunications) | 63.6 | 138,000 | -0.58 | 0.9 | -32.4 |
| **Nippon Steel** Japan (Iron Steel) | 23.9 | 344.00 | -0.58 | 37.1 | -58.8 |
| **Tokyo Elec Power** Japan (Conventional Electricity) | 36.1 | 2,420 | -0.86 | -2.0 | -40.0 |
| **Mitsubishi UFJ Finl** Japan (Banks) | 70.1 | 457.00 | -0.87 | 11.2 | -66.6 |
| **POSCO** South Korea (Iron Steel) | 37.6 | 560,000 | -0.88 | 60.5 | 50.9 |
| **RioZim Ltd** Australia (General Mining) | 41.9 | 75.35 | -1.05 | 91.7 | 31.6 |
| **Japan Tobacco** Japan (Tobacco) | 35.0 | 330,500 | -1.20 | 48.3 | -38.6 |
| **JFE Hldgs** Japan (Iron Steel) | 20.4 | 3,500 | -1.27 | 71.6 | -50.0 |

Sources: Dow Jones Indexes; WSJ Market Data Group

# Tracking credit markets & dealmakers

**— NOTICE TO READERS —**
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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## Hedge funds

| Dow Jones Hedge Benchmark | TOTAL RETURN for rolling periods, net of fees* One week | One month | One quarter | Year to date | One year |
|---|---|---|---|---|---|
| **Merger Arbitrage** | 0.87% | 2.17% | 0.7% | 0.1% | 5.9% |
| **Event Driven** | 0.84 | 2.41 | 1.5 | 1.0 | 14.4 |
| **Equity Long/Short** | 1.02 | 4.06 | 4.7 | 2.5 | 6.5 |

*Estimates as of 03/08/10, after fees; Source: www.djhedgefundindexes.com

## Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

### Markit iTraxx Indexes

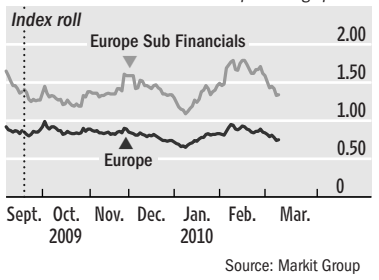
| Index: series/version | Mid-spread, in pct. pts. | Mid-price | Coupon | SPREAD RANGE, in pct. pts. since most recent roll Maximum | Minimum | Average |
|---|---|---|---|---|---|---|
| **Europe:** 12/1 | 0.75 | 101.15% | 0.01% | 1.00 | 0.65 | 0.83 |
| **Eur. High Volatility:** 12/1 | 1.11 | 99.51 | 0.01 | 1.76 | 0.92 | 1.29 |
| **Europe Crossover:** 12/1 | 4.16 | 103.34 | 0.05 | 6.15 | 3.79 | 4.90 |
| **Asia ex-Japan IG:** 12/1 | 0.98 | 100.09 | 0.01 | 1.34 | 0.87 | 1.08 |
| **Japan:** 12/1 | 1.23 | 98.94 | 0.01 | 1.68 | 0.99 | 1.36 |

Note: Data as of March 9

### Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

*In percentage points*




Source: Markit Group

## Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

### Showing the biggest improvement...

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Daiwa Secs Gp** | 107 | -18 | -31 | -34 |
| **Kajima** | 313 | -16 | -53 | -72 |
| **Taisei** | 298 | -15 | -49 | -69 |
| **Kawasaki Heavy Inds** | 131 | -13 | -30 | -28 |
| **IHI** | 269 | -13 | -36 | -46 |
| **Hyundai Mtr** | 103 | -11 | -20 | -36 |
| **Aeon** | 147 | -10 | -33 | -38 |
| **Hong Kong Spl Admin Region** | 40 | -10 | -12 | -25 |
| **Kawasaki Kisen Kaisha** | 195 | -10 | -20 | -45 |
| **Nissan Mtr** | 110 | -10 | -21 | -43 |

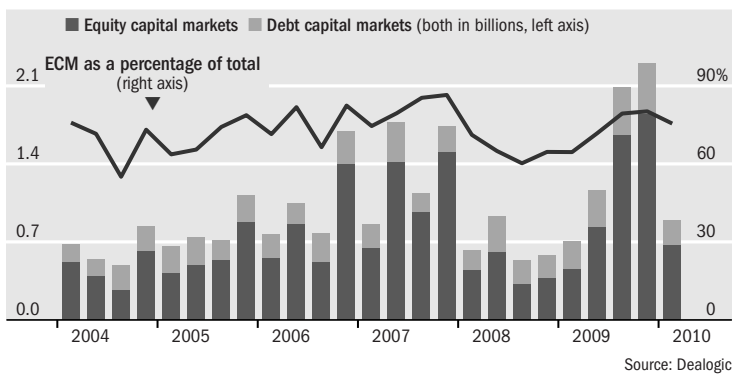
### And the most deterioration

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Bk of China** | 105 | 5 | -8 | -30 |
| **Indl Bk Korea** | 100 | 5 | -18 | -40 |
| **Kookmin Bk** | 110 | 5 | -17 | -32 |
| **Swire Pac** | 68 | 5 | -6 | -26 |
| **Rep Indonesia** | 166 | 5 | -16 | -66 |
| **Rep Philippines** | 165 | 5 | -13 | -58 |
| **Hongkong** | 69 | 5 | -5 | -22 |
| **Nec Electrs** | 205 | 6 | -8 | -21 |
| **Tokyu** | 48 | 7 | -4 | -4 |
| **Takashimaya** | 120 | 7 | -14 | -20 |

Source: Markit Group

## Behind Asia's deals: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals




Source: Dealogic

# GLOBAL MARKETS LINEUP

## Commodities

Prices of futures contracts with the most open interest

**EXCHANGE LEGEND: CBOT:** Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

| Commodity | Exchange | Last price | ONE-DAY CHANGE Net | ONE-DAY CHANGE Percentage | Contract high | Contract low |
|---|---|---|---|---|---|---|
| **Corn** (cents/bu.) | CBOT | 367.50 | -1.50 | -0.41% | 714.00 | 325.00 |
| **Soybeans** (cents/bu.) | CBOT | 959.00 | 11.50 | 1.21% | 1,087.50 | 819.75 |
| **Wheat** (cents/bu.) | CBOT | 486.00 | -3.50 | -0.72 | 745.00 | 472.00 |
| **Live cattle** (cents/lb.) | CME | 92.325 | 0.050 | 0.05 | 92.500 | 83.075 |
| **Cocoa** ($/ton) | ICE-US | 2,805 | 3 | 0.11 | 3,514 | 2,066 |
| **Coffee** (cents/lb.) | ICE-US | 133.50 | 0.75 | 0.56 | 190.40 | 118.30 |
| **Sugar** (cents/lb.) | ICE-US | 19.85 | -0.47 | -2.31 | 29.00 | 11.90 |
| **Cotton** (cents/lb.) | ICE-US | 80.78 | 0.45 | 0.56 | 94.00 | 51.38 |
| **Crude palm oil** (ringgit/ton) | MDEX | 2,685.00 | 35 | 1.32 | 3,600 | 1,486 |
| **Cocoa** (pounds/ton) | LIFFE | 2,147 | -4 | -0.19 | 2,356 | 1,475 |
| **Robusta coffee** ($/ton) | LIFFE | 1,236 | -9 | -0.72 | 1,605 | 1,214 |
| **Copper** (cents/lb.) | COMEX | 339.80 | -1.35 | -0.40 | 355.00 | 140.00 |
| **Gold** ($/troy oz.) | COMEX | 1119.30 | -3.00 | -0.27 | 1,229.00 | 785.10 |
| **Silver** (cents/troy oz.) | COMEX | 1757.00 | 23.20 | 1.34 | 1,949.50 | 916.00 |
| **Aluminum** ($/ton) | LME | 2,259.00 | 31.50 | 1.41 | 2,356.50 | 1,336.00 |
| **Tin** ($/ton) | LME | 17,720.00 | 420.00 | 2.43 | 18,250.00 | 9,945.00 |
| **Copper** ($/ton) | LME | 7,569.00 | 139.00 | 1.87 | 7,695.00 | 3,525.00 |
| **Lead** ($/ton) | LME | 2,309.00 | 82.00 | 3.68 | 2,615.00 | 1,236.00 |
| **Zinc** ($/ton) | LME | 2,390.50 | 46.50 | 1.98 | 2,659.00 | 1,214.00 |
| **Nickel** ($/ton) | LME | 22,075 | 80 | 0.36 | 22,950 | 9,475 |
| **Crude oil** ($/bbl.) | NYMEX | 82.93 | 1.44 | 1.77 | 132.95 | 52.95 |
| **Heating oil** ($/gal.) | NYMEX | 2.1077 | 0.0179 | 0.86 | 3.4750 | 1.3939 |
| **RBOB gasoline** ($/gal.) | NYMEX | 2.2972 | 0.0349 | 0.02 | 2.2972 | 1.4475 |
| **Natural gas** ($/mmBtu) | NYMEX | 4.534 | -0.041 | -0.90 | 10.430 | 4.512 |
| **Brent crude** ($/bbl.) | ICE-EU | 81.30 | 1.16 | 1.45 | 109.11 | 57.30 |
| **Gas oil** ($/ton) | ICE-EU | 664.50 | 11.50 | 1.76 | 691.50 | 512.75 |

Source: Thomson Reuters; WSJ Market Data Group

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## Currencies

London close on March 10

| AMERICAS | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Argentina** peso-a | 5.2764 | 0.1895 | 3.8613 | 0.2590 |
| **Brazil** real | 2.4153 | 0.4140 | 1.7675 | 0.5658 |
| **Canada** dollar | 1.3971 | 0.7158 | 1.0224 | 0.9781 |
| 1-mo. forward | 1.3971 | 0.7157 | 1.0224 | 0.9781 |
| 3-mos. forward | 1.3972 | 0.7157 | 1.0225 | 0.9780 |
| 6-mos. forward | 1.3978 | 0.7154 | 1.0229 | 0.9776 |
| **Chile** peso | 706.28 | 0.001416 | 516.85 | 0.001935 |
| **Colombia** peso | 2573.32 | 0.0003886 | 1883.15 | 0.0005310 |
| **Ecuador** US dollar-f | 1.3665 | 0.7318 | 1 | 1 |
| **Mexico** peso-a | 17.2118 | 0.0581 | 12.5955 | 0.0794 |
| **Peru** sol | 3.8788 | 0.2578 | 2.8385 | 0.3523 |
| **Uruguay** peso-e | 26.920 | 0.0371 | 19.700 | 0.0508 |
| **U.S.** dollar | 1.3665 | 0.7318 | 1 | 1 |
| **Venezuela** bolivar | 5.87 | 0.170397 | 4.29 | 0.232848 |
| **ASIA-PACIFIC** | | | | |
| **Australia** dollar | 1.4875 | 0.6723 | 1.0886 | 0.9187 |
| **China** yuan | 9.3277 | 0.1072 | 6.8260 | 0.1465 |
| **Hong Kong** dollar | 10.6028 | 0.0943 | 7.7591 | 0.1289 |
| **India** rupee | 61.9776 | 0.0161 | 45.3550 | 0.0220 |
| **Indonesia** rupiah | 12531 | 0.0000798 | 9170 | 0.0001091 |
| **Japan** yen | 123.88 | 0.008072 | 90.66 | 0.011031 |
| 1-mo. forward | 123.86 | 0.008074 | 90.64 | 0.011033 |
| 3-mos. forward | 123.82 | 0.008076 | 90.61 | 0.011036 |
| 6-mos. forward | 123.72 | 0.008083 | 90.54 | 0.011045 |
| **Malaysia** ringgit-c | 4.5381 | 0.2204 | 3.3210 | 0.3011 |
| **New Zealand** dollar | 1.9276 | 0.5188 | 1.4106 | 0.7089 |
| **Pakistan** rupee | 115.128 | 0.0087 | 84.250 | 0.0119 |
| **Philippines** peso | 62.394 | 0.0160 | 45.660 | 0.0219 |
| **Singapore** dollar | 1.9104 | 0.5235 | 1.3980 | 0.7153 |
| **South Korea** won | 1543.56 | 0.0006479 | 1129.57 | 0.0008853 |
| **Taiwan** dollar | 43.380 | 0.02305 | 31.745 | 0.03150 |
| **Thailand** baht | 44.623 | 0.02241 | 32.655 | 0.03062 |

| EUROPE | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Euro zone** euro | 1 | 1 | 0.7318 | 1.3665 |
| 1-mo. forward | 1.0000 | 1.0000 | 0.7318 | 1.3665 |
| 3-mos. forward | 1.0001 | 0.9999 | 0.7319 | 1.3663 |
| 6-mos. forward | 1.0004 | 0.9996 | 0.7321 | 1.3660 |
| **Czech Rep.** koruna-b | 25.539 | 0.0392 | 18.690 | 0.0535 |
| **Denmark** krone | 7.4408 | 0.1344 | 5.4452 | 0.1836 |
| **Hungary** forint | 266.13 | 0.003758 | 194.76 | 0.005135 |
| **Norway** krone | 8.0147 | 0.1248 | 5.8651 | 0.1705 |
| **Poland** zloty | 3.8802 | 0.2577 | 2.8396 | 0.3522 |
| **Russia** ruble-d | 40.380 | 0.02476 | 29.550 | 0.03384 |
| **Sweden** krona | 9.7270 | 0.1028 | 7.1182 | 0.1405 |
| **Switzerland** franc | 1.4619 | 0.6840 | 1.0698 | 0.9348 |
| 1-mo. forward | 1.4616 | 0.6842 | 1.0696 | 0.9350 |
| 3-mos. forward | 1.4609 | 0.6845 | 1.0691 | 0.9354 |
| 6-mos. forward | 1.4599 | 0.6850 | 1.0684 | 0.9360 |
| **Turkey** lira | 2.0940 | 0.4776 | 1.5324 | 0.6526 |
| **U.K.** pound | 0.9133 | 1.0949 | 0.6684 | 1.4962 |
| 1-mo. forward | 0.9135 | 1.0946 | 0.6685 | 1.4958 |
| 3-mos. forward | 0.9139 | 1.0942 | 0.6688 | 1.4952 |
| 6-mos. forward | 0.9144 | 1.0936 | 0.6691 | 1.4945 |
| **MIDDLE EAST/AFRICA** | | | | |
| **Bahrain** dinar | 0.5152 | 1.9412 | 0.3770 | 2.6526 |
| **Egypt** pound-a | 7.4825 | 0.1336 | 5.4757 | 0.1826 |
| **Israel** shekel | 5.1162 | 0.1955 | 3.7440 | 0.2671 |
| **Jordan** dinar | 0.9671 | 1.0340 | 0.7078 | 1.4129 |
| **Kuwait** dinar | 0.3942 | 2.5369 | 0.2885 | 3.4667 |
| **Lebanon** pound | 2060.00 | 0.0004854 | 1507.50 | 0.0006634 |
| **Saudi Arabia** riyal | 5.1246 | 0.1951 | 3.7502 | 0.2667 |
| **South Africa** rand | 10.1162 | 0.0989 | 7.4030 | 0.1351 |
| **United Arab** dirham | 5.0187 | 0.1993 | 3.6727 | 0.2723 |
| **SDR** -f | 0.8939 | 1.1187 | 0.6542 | 1.5287 |

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

## Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

| Price-to-earnings ratio* | Region/Country | Index | PREVIOUS SESSION Close | Net change | Percentage change | PERFORMANCE Yr.-to-date | 52-wk. |
|---|---|---|---|---|---|---|---|
| 28 | **ASIA-PACIFIC** | **DJ Asia-Pacific** | 125.25 | -0.29 | -0.23% | 1.8% | 63.5% |
| ... | Australia | **SPX/ASX 200** | 4819.96 | -0.14 | unch. | -1.0 | 48.6 |
| ... | China | **CBN 600** | 27235.19 | -240.26 | -0.87 | -6.3 | 49.3 |
| 18 | Hong Kong | **Hang Seng** | 21208.29 | 0.74 | unch. | -3.0 | 77.8 |
| 19 | India | **Sensex** | 17098.33 | 45.79 | 0.27% | -2.1 | 109.5 |
| ... | Indonesia | **Jakarta Composite** | 2670.219 | 13.052 | 0.49 | 5.4 | 103.1 |
| ... | Japan | **Nikkei Stock Average** | 10563.92 | -3.73 | -0.04 | 0.2 | 43.2 |
| ... | | **Topix** | 922.44 | -1.94 | -0.21 | 1.6 | 27.7 |
| ... | Malaysia | **Kuala Lumpur Composite** | 1328.22 | 10.28 | 0.78 | 4.4 | 56.2 |
| 14 | New Zealand | **NZSX-50** | 3226.192 | 12.985 | 0.40 | -0.1 | 29.2 |
| 8 | Pakistan | **KSE 100** | 9784.98 | -2.05 | -0.02 | 4.2 | 76.1 |
| 14 | Philippines | **Manila Composite** | 3119.63 | 12.28 | 0.40 | 2.2 | 64.1 |
| ... | Singapore | **Straits Times** | 2862.29 | 22.75 | 0.80 | -1.2 | 90.1 |
| 11 | South Korea | **Kospi** | 1662.24 | 1.41 | 0.08 | -1.2 | 47.4 |
| 20 | Taiwan | **Weighted** | 7779.08 | 8.49 | 0.11 | -5.0 | 63.4 |
| 10 | Thailand | **SET** | 720.84 | 2.07 | 0.29 | -1.9 | 73.9 |
| 57 | **EUROPE** | **Stoxx Europe 600** | 258.09 | 1.36 | 0.53 | 1.9 | 55.2 |
| 23 | | **Stoxx Europe 50** | 2587.32 | 10.05 | 0.39 | 0.3 | 51.8 |
| 70 | **Euro Zone** | **Euro Stoxx** | 273.54 | 2.58 | 0.95% | -0.5% | 52.3% |
| 21 | | **Euro Stoxx 50** | 2907.64 | 26.93 | 0.93 | -2.0 | 50.5 |
| 20 | Denmark | **OMX Copenhagen** | 350.66 | 3.87 | 1.12 | 11.1 | 70.9 |
| 21 | Finland | **OMX Helsinki** | 7106.78 | 84.51 | 1.20 | 10.1 | 58.0 |
| 17 | France | **CAC-40** | 3943.55 | 33.54 | 0.86 | 0.2 | 47.5 |
| 17 | Germany | **DAX** | 5936.72 | 50.83 | 0.86 | -0.3 | 51.7 |
| 14 | Italy | **FTSE MIB** | 22638.65 | 282.85 | 1.27 | -2.6 | 66.9 |
| ... | Netherlands | **AEX** | 340.97 | 1.88 | 0.55 | 1.7 | 62.1 |
| ... | Russia | **RTSI** | 1501.40 | -1.30 | -0.09% | 5.2 | 139.2 |
| 10 | Spain | **IBEX 35** | 11121.0 | 118.2 | 1.07 | -6.9 | 54.4 |
| 16 | Switzerland | **SMI** | 6873.59 | 5.27 | 0.08 | 5.0 | 50.2 |
| ... | Turkey | **ISE National 100** | 52753.00 | -206.96 | -0.39 | -0.1 | 126.6 |
| 14 | U.K. | **FTSE 100** | 5640.57 | 38.27 | 0.68 | 4.2 | 52.7 |
| 18 | **AMERICAS** | **DJ Americas** | 305.37 | 1.03 | 0.34 | 3.0 | 66.1 |
| ... | Brazil | **Bovespa** | 70236.70 | 660.32 | 0.95 | 2.4 | 82.2 |
| ... | Argentina | **Merval** | 2326.09 | 6.95 | 0.30 | 0.2 | 132.5 |
| 19 | Mexico | **IPC** | 32642.65 | 128.48 | 0.40 | 1.6 | 85.6 |

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

**Thomson Reuters** is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

## Dow Jones Indexes

| Dividend yield* | Price-to-earnings ratio* | Dows Jones Index | Last | Net change | PERFORMANCE Daily | Year-to-date | 52-wk. | Three-yr., annualized |
|---|---|---|---|---|---|---|---|---|
| 2.19% | 19 | **Global TSM** | 2345.64 | 5.92 | 0.25% | 1.2% | 67.6% | -6.1% |
| 1.92 | 19 | **Global DOW** | 1971.51 | 4.84 | 0.25 | -0.7 | 61.6 | -3.1 |
| 2.43 | 15 | **Global Titans 50** | 170.13 | -0.08 | -0.05 | -2.0 | 49.5 | -8.7 |
| 2.18 | 25 | **Asia/Pacific TSM** | 1238.37 | -2.71 | -0.22 | 1.8 | 69.1 | -4.5 |
| 2.42 | 15 | **Asia/Pacific ex-Japan TSM** | 3078.78 | 14.55 | 0.47 | 0.1 | 100.7 | 2.4 |
| 2.78 | 14 | **Europe TSM** | 2584.44 | 12.52 | 0.49 | -3.5 | 66.5 | -10.1 |
| 1.86 | 14 | **Emerging Markets TSM** | 4107.16 | 27.26 | 0.67 | 1.3 | 104.3 | 3.3 |
| 2.45 | 33 | **Asian Titans 50** | 136.82 | -0.55 | -0.40 | 1.9 | 63.3 | -6.5 |
| 6.37 | 6 | **BRIC 50** | 590.22 | 4.08 | 0.70 | -1.3 | 100.4 | 8.2 |
| 0.86 | 27 | **CBN China 600** -c | 27235.19 | -240.26 | -0.87 | -6.3 | 49.3 | 9.7 |
| 2.35 | 18 | **China Offshore 50** | 3969.55 | 10.97 | 0.28 | -2.7 | 68.0 | 8.9 |
| 0.89 | 30 | **Shanghai** -c | 367.33 | -3.11 | -0.84 | -5.2 | 50.1 | 9.8 |
| 0.56% | 46 | **Shenzhen** -c | 403.05 | -4.50 | -1.10% | -3.2% | 67.1% | 15.9% |
| 1.84 | 22 | **U.S. TSM** | 11785.65 | 34.78 | 0.30 | 3.5 | 62.4 | -5.9 |
| 4.83 | 14 | **Global Select Div** -d | 196.61 | 0.31 | 0.16 | -2.6 | 98.9 | -9.5 |
| 5.34 | 14 | **Asia/Pacific Select Div** -d | 270.51 | 1.82 | 0.68 | 0.7 | 122.1 | -9.1 |
| 3.70 | 14 | **Hong Kong Select Div** -d | 192.22 | 0.70 | 0.37 | 2.6 | 69.0 | 2.2 |
| 4.23 | 15 | **U.S. Select Dividend** -d | 323.97 | -0.04 | -0.01 | 2.6 | 63.4 | -13.2 |
| 1.80 | 15 | **Islamic Market** | 1990.81 | 4.24 | 0.21 | 0.8 | 58.3 | -1.3 |
| 2.00 | 15 | **Islamic Market 100** | 2106.86 | 2.69 | 0.13 | -0.7 | 45.0 | -1.9 |
| 2.60 | 17 | **Islamic China/HK Titans 30** | 1507.77 | 4.00 | 0.27 | 1.5 | 67.6 | 4.1 |
| 1.55 | 12 | **Sustainability Korea** | 1221.54 | 2.46 | 0.20 | 1.3 | 94.8 | 1.6 |
| 3.40 | 17 | **Brookfield Infrastructure** | 2028.60 | -1.94 | -0.10 | 0.1 | 58.7 | -3.5 |
| | | **DJ-UBS Commodity** -p | 133.93 | -0.59 | -0.44 | -3.8 | 27.8 | -7.2 |

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

## Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

| U.S. | US$ | A$ | £ | C$ | YUAN | EURO | HK$ | RUPEE | RUPIAH | YEN | NZ$ | WON | RINGGIT | PH. PESO | S$ | S FRANC | TW$ | BAHT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1.089 | 0.668 | 1.022 | 6.826 | 0.732 | 7.759 | 45.355 | 9170.11 | 90.655 | 1.411 | 1129.57 | 3.321 | 45.660 | 1.398 | 1.070 | 31.745 | 32.655 |
| **Australia** | 0.919 | | 0.614 | 0.939 | 6.271 | 0.672 | 7.128 | 41.665 | 8424.12 | 83.280 | 1.296 | 1037.68 | 3.051 | 41.946 | 1.284 | 0.983 | 29.163 | 29.999 |
| **Britain** | 1.496 | 1.629 | | 1.530 | 10.213 | 1.095 | 11.609 | 67.858 | 13719.85 | 135.633 | 2.111 | 1690.01 | 4.969 | 68.314 | 2.092 | 1.601 | 47.495 | 48.857 |
| **Canada** | 0.978 | 1.065 | 0.654 | | 6.676 | 0.716 | 7.589 | 44.361 | 8969.20 | 88.669 | 1.380 | 1104.83 | 3.248 | 44.660 | 1.367 | 1.046 | 31.049 | 31.940 |
| **China** | 0.1465 | 0.159 | 0.098 | 0.150 | | 0.107 | 1.137 | 6.644 | 1343.42 | 13.281 | 0.207 | 165.48 | 0.487 | 6.689 | 0.205 | 0.157 | 4.651 | 4.784 |
| **Euro** | 1.367 | 1.488 | 0.913 | 1.397 | 9.328 | | 10.603 | 61.978 | 12530.95 | 123.880 | 1.928 | 1543.56 | 4.538 | 62.394 | 1.910 | 1.462 | 43.380 | 44.623 |
| **Hong Kong** | 0.129 | 0.140 | 0.086 | 0.132 | 0.880 | 0.094 | | 5.845 | 1181.85 | 11.684 | 0.182 | 145.58 | 0.428 | 5.885 | 0.180 | 0.138 | 4.091 | 4.209 |
| **India** | 0.0220 | 0.0240 | 0.0147 | 0.0225 | 0.1505 | 0.0161 | 0.1711 | | 202.19 | 1.9988 | 0.0311 | 24.91 | 0.0732 | 1.0067 | 0.0308 | 0.0236 | 0.6999 | 0.7200 |
| **Indonesia** | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0007 | 0.0001 | 0.0008 | 0.0049 | | 0.0099 | 0.0002 | 0.12 | 0.0004 | 0.0050 | 0.0002 | 0.0001 | 0.0035 | 0.0036 |
| **Japan** | 0.011 | 0.012 | 0.007 | 0.011 | 0.075 | 0.008 | 0.086 | 0.500 | 101.15 | | 0.016 | 12.46 | 0.037 | 0.504 | 0.015 | 0.012 | 0.350 | 0.360 |
| **New Zealand** | 0.709 | 0.772 | 0.474 | 0.725 | 4.839 | 0.519 | 5.500 | 32.152 | 6500.69 | 64.265 | | 800.75 | 2.354 | 32.368 | 0.991 | 0.758 | 22.504 | 23.149 |
| **South Korea** | 0.0009 | 0.0010 | 0.0006 | 0.0009 | 0.0060 | 0.0006 | 0.0069 | 0.0402 | 8.12 | 0.0803 | 0.0012 | | 0.0029 | 0.0404 | 0.0012 | 0.0009 | 0.0281 | 0.0289 |
| **Malaysia** | 0.301 | 0.328 | 0.201 | 0.308 | 2.055 | 0.220 | 2.336 | 13.657 | 2761.25 | 27.298 | 0.425 | 340.13 | | 13.749 | 0.421 | 0.322 | 9.559 | 9.833 |
| **Philippines** | 0.022 | 0.024 | 0.015 | 0.022 | 0.149 | 0.016 | 0.170 | 0.993 | 200.83 | 1.985 | 0.031 | 24.74 | 0.073 | | 0.031 | 0.023 | 0.695 | 0.715 |
| **Singapore** | 0.715 | 0.779 | 0.478 | 0.731 | 4.883 | 0.523 | 5.550 | 32.443 | 6559.45 | 64.846 | 1.009 | 807.99 | 2.376 | 32.661 | | 0.765 | 22.707 | 23.358 |
| **Switzerland** | 0.935 | 1.018 | 0.625 | 0.956 | 6.381 | 0.684 | 7.253 | 42.396 | 8571.79 | 84.740 | 1.319 | 1055.87 | 3.104 | 42.681 | 1.307 | | 29.674 | 30.524 |
| **Taiwan** | 0.032 | 0.034 | 0.021 | 0.032 | 0.215 | 0.023 | 0.244 | 1.429 | 288.87 | 2.856 | 0.044 | 35.58 | 0.105 | 1.438 | 0.044 | 0.034 | | 1.029 |
| **Thailand** | 0.031 | 0.033 | 0.020 | 0.031 | 0.209 | 0.022 | 0.238 | 1.389 | 280.82 | 2.776 | 0.043 | 34.59 | 0.102 | 1.398 | 0.043 | 0.033 | 0.972 | |

Source: Thomson Reuters via WSJ Market Data Group

## MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 10, 2010

| Dividend yield | Price-to-earnings ratio | Morgan Stanley Index | Last | LOCAL-CURRENCY PERFORMANCE Daily | YTD | 52-wk. |
|---|---|---|---|---|---|---|
| 2.40% | 23 | **ALL COUNTRY (AC) WORLD*** | 300.56 | 0.04% | 0.4% | 60.6% |
| 2.50 | 24 | **World (Developed Markets)** | 1,174.11 | 0.05 | 0.5 | 56.4 |
| 1.80 | 83 | **World Small Cap** | 199.03 | -0.09 | 4.7 | 79.6 |
| 2.50 | 21 | **Kokusai (World ex-Japan)** | 1,158.97 | 0.09 | -0.1 | 59.2 |
| 3.00 | 23 | **EAFE** | 1,553.36 | 0.26 | -1.7 | 55.7 |
| 2.20 | 20 | **Emerging Markets (EM)** | 986.15 | -0.01 | -0.3 | 97.5 |
| 2.50 | 23 | **AC ASIA PACIFIC EX-JAPAN** | 414.59 | -0.10 | -0.5 | 93.5 |
| 2.20 | 22 | **AC Far East ex-Japan** | 444.08 | -0.05 | -1.3 | 84.6 |
| 1.70 | 145 | **Japan** | 578.46 | -0.36 | 1.8 | 23.9 |
| 2.00 | 19 | **China** | 63.33 | 0.19 | -2.3 | 74.8 |
| 0.90 | 37 | **China A (China Domestic)** | 3,167.99 | 0.54 | -6.3 | 55.3 |
| 2.60 | 23 | **Hong Kong** | 10,265.12 | 0.05 | 0.9 | 63.7 |
| 0.90 | 20 | **India** | 697.63 | -0.45 | -1.3 | 105.2 |
| 1.30 | 16 | **Korea** | 470.51 | -0.03 | -2.1 | 61.4 |
| 2.30 | 20 | **Malaysia** | 481.29 | -0.54 | 2.4 | 45.3 |
| 3.10 | 17 | **Singapore** | 1,569.61 | -0.18 | -3.4 | 75.2 |
| 2.70 | 234 | **Taiwan** | 279.61 | 0.11 | -5.5 | 62.0 |
| 3.30 | 18 | **Thailand** | 296.60 | -0.26 | -1.7 | 68.5 |
| 3.60 | 25 | **Australia** | 998.73 | 0.30 | -0.2 | 44.7 |
| 5.00 | 16 | **New Zealand** | 83.90 | -0.64 | -3.8 | 14.9 |
| 1.90 | 28 | **US BROAD MARKET** | 1,275.25 | -0.20 | 3.1 | 58.8 |
| 3.40 | 16 | **EUROPE** | 89.16 | -0.05 | 1.0 | 47.5 |

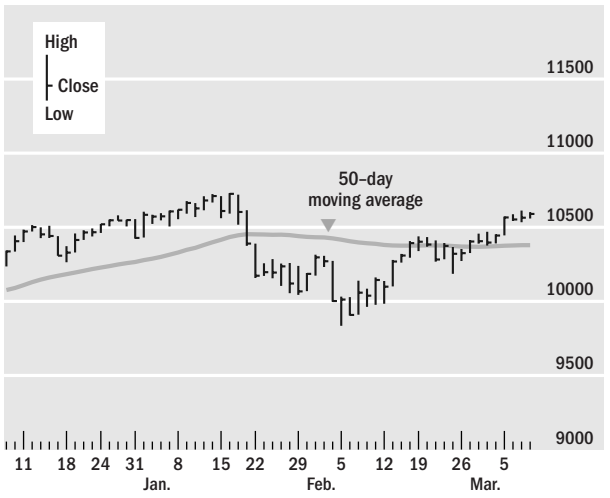
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

# SCANNING THE GLOBE

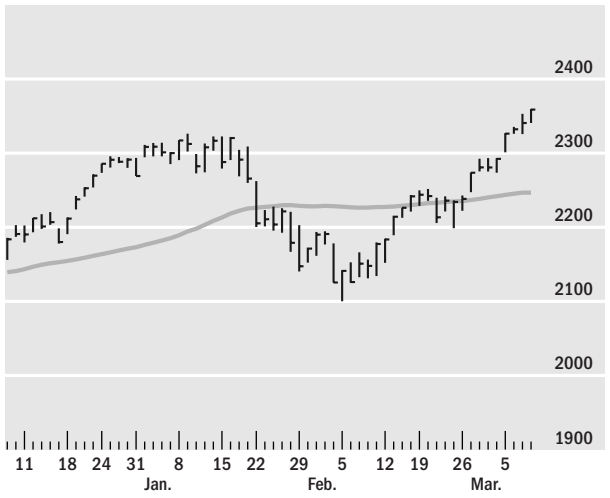
## Dow Jones Industrial Average P/E: 16

LAST: **10589.93** ▲ 25.55, or 0.24%
YEAR TO DATE: ▲ **161.88, or 1.6%**
OVER 52 WEEKS ▲ **3,659.53, or 52.8%**



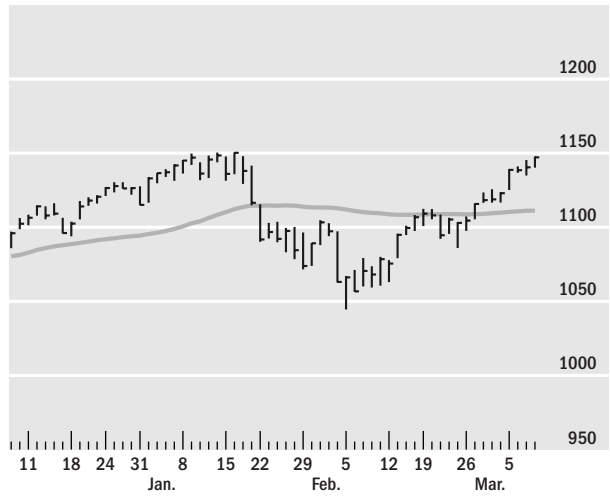

## Nasdaq Composite Index P/E: 19*

LAST: **2358.79** ▲ 18.11, or 0.77%
YEAR TO DATE: ▲ **89.64, or 4.0%**
OVER 52 WEEKS ▲ **987.15, or 72.0%**




## S&P 500 Index P/E: 22

LAST: **1147.15** ▲ 6.70, or 0.59%
YEAR TO DATE: ▲ **32.05, or 2.9%**
OVER 52 WEEKS ▲ **425.79, or 59.0%**




*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

## DJIA component stocks

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **AT&T** | T | **10.60** | $25.46 | -0.10 | **-0.39%** |
| **Alcoa** | AA | **13.40** | 13.69 | 0.02 | **0.14** |
| **AmExpress** | AXP | **2.80** | 39.58 | -0.12 | **-0.30** |
| **BankAm** | BAC | **110.60** | 17.28 | 0.48 | **2.86** |
| **Boeing** | BA | **3.30** | 69.31 | 1.52 | **2.24** |
| **Caterpillar** | CAT | **2.20** | 59.13 | -0.05 | **-0.08** |
| **Chevron** | CVX | **6.90** | 73.74 | -0.56 | **-0.75** |
| **CiscoSys** | CSCO | **34.40** | 25.92 | -0.21 | **-0.80** |
| **CocaCola** | KO | **3.90** | 54.34 | 0.16 | **0.30** |
| **Disney** | DIS | **4.30** | 33.53 | 0.22 | **0.66** |
| **DuPont** | DD | **3.40** | 35.43 | 0.18 | **0.51** |
| **ExxonMobil** | XOM | **10.70** | 67.18 | 0.40 | **0.60** |
| **GenElec** | GE | **31.70** | 16.53 | 0.04 | **0.24** |
| **HewlettPk** | HPQ | **4.10** | 51.86 | -0.02 | **-0.04** |
| **HomeDpt** | HD | **4.60** | 31.74 | 0.06 | **0.19** |
| **Intel** | INTC | **29.30** | 21.18 | 0.23 | **1.12** |
| **IBM** | IBM | **2.70** | 125.52 | -0.03 | **-0.02** |
| **JPMorgChas** | JPM | **23.50** | 43.20 | 0.78 | **1.83** |
| **JohnsJohns** | JNJ | **3.10** | 64.31 | 0.04 | **0.06** |
| **KftFoods** | KFT | **5.60** | 29.39 | 0.16 | **0.55** |
| **McDonalds** | MCD | **2.80** | 64.95 | -0.15 | **-0.23** |
| **Merck** | MRK | **8.50** | 36.78 | -0.26 | **-0.70** |
| **Microsoft** | MSFT | **18.00** | 28.98 | 0.18 | **0.62** |
| **Pfizer** | PFE | **20.00** | 17.23 | 0.00 | **0.00** |
| **ProctGamb** | PG | **3.20** | 63.07 | -0.23 | **-0.37** |
| **3M** | MMM | **1.70** | 81.60 | -0.39 | **-0.48** |
| **TravelersCos** | TRV | **1.40** | 53.65 | 0.08 | **0.15** |
| **UnitedTech** | UTX | **1.90** | 71.73 | -0.05 | **-0.07** |
| **Verizon** | VZ | **8.50** | 29.72 | -0.19 | **-0.64** |
| **WalMart** | WMT | **5.00** | 53.86 | 0.10 | **0.19** |

## U.S. stocks: most active...

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **Citigroup** | C | **803.0** | $3.99 | $0.17 | **4.45%** |
| **BankAm** | BAC | **114.4** | 17.29 | 0.49 | **2.92** |
| **SprintNextel** | S | **89.2** | 3.65 | 0.03 | **0.83** |
| **SPDR S&P 500** | SPY | **66.8** | 115.01 | 0.55 | **0.48** |
| **SiriusXM** | SIRI | **51.8** | 0.93 | 0.02 | **1.79** |
| **SPDR FnclSelSct** | XLF | **48.6** | 15.50 | 0.20 | **1.32** |
| **PwrShrs QQQ** | QQQQ | **44.2** | 47.18 | 0.39 | **0.83** |
| **AmIntlGp** | AIG | **42.1** | 36.05 | 3.28 | **10.01** |
| **FannieMae** | FNM | **38.2** | 1.10 | 0.03 | **2.80** |
| **DrxFinancBear 3x** | FAZ | **38.1** | 14.92 | –0.62 | **–3.99** |
| **CiscoSys** | CSCO | **34.8** | 25.92 | –0.21 | **–0.80** |
| **E Trade** | ETFC | **32.5** | 1.69 | 0.01 | **0.60** |
| **GenElec** | GE | **32.0** | 16.53 | 0.04 | **0.27** |
| **iShrRu2000** | IWM | **30.0** | 67.68 | 0.70 | **1.05** |
| **Intel** | INTC | **29.7** | 21.18 | 0.24 | **1.15** |

## Biggest gainers...

| | | | | | |
|---|---|---|---|---|---|
| **InterMune** | ITMN | **10,404.1** | $39.10 | $15.80 | **67.81%** |
| **MgtNtwk** | TMNG | **27.0** | 2.86 | 0.58 | **25.44** |
| **OneLiberty** | OLP | **293.6** | 12.60 | 2.25 | **21.74** |
| **ChGerAdvMtrWt** | CHOPW | **578.0** | 2.69 | 0.45 | **20.09** |
| **CmwlthBksh** | CWBS | **21.5** | 2.38 | 0.38 | **19.16** |

## ...Biggest losers

| | | | | | |
|---|---|---|---|---|---|
| **AboveNet** | ABVT | **496.8** | $54.55 | -$8.61 | **-13.63%** |
| **TransActTch** | TACT | **122.8** | 6.91 | -0.89 | **-11.41** |
| **PrimorisSvcs wt** | PRIMW | **4.8** | 3.28 | -0.32 | **-8.89** |
| **WirlsRoninTch** | RNIN | **61.3** | 2.30 | -0.21 | **-8.37** |
| **LemaitreVas** | LMAT | **16.8** | 4.31 | -0.39 | **-8.30** |

## ADRs of Asian companies*

| 52-WEEK High | 52-WEEK Low | Stock | Symbol | Volume, in OOOs | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|---|---|
| $11.69 | $7.33 | **Taiwan Semi** | TSM | **5,411.2** | $10.44 | 0.19 | **1.80%** |
| 82.74 | 35.56 | **BHP Billiton** | BHP | **2,019.5** | 79.47 | 0.60 | **0.76** |
| 6.84 | 3.71 | **Mitsu UFJ Fnl** | MTU | **1,336.1** | 5.09 | -0.06 | **-1.17** |
| 18.64 | 12.81 | **SK Telecom** | SKM | **1,208.4** | 17.70 | 0.00 | **0** |
| 4.24 | 1.78 | **Utd Microelectronics** | UMC | **963.1** | 3.63 | 0.05 | **1.40** |
| 91.97 | 56.79 | **Toyota Motor** | TM | **711.0** | 76.25 | -0.42 | **-0.55** |
| 5.23 | 2.00 | **Adv Semi Engrg** | ASX | **625.6** | 4.35 | 0.04 | **0.93** |
| 13.30 | 6.82 | **AU Optrncs** | AUO | **621.5** | 10.98 | -0.16 | **-1.44** |
| 59.22 | 40.20 | **China Mobile** | CHL | **578.8** | 47.88 | -0.02 | **-0.04** |
| 60.00 | 22.63 | **Infosys Tech** | INFY | **407.4** | 59.75 | 0.27 | **0.45** |
| 15.95 | 9.10 | **China Unicom** | CHU | **399.7** | 12.34 | 0.08 | **0.65** |
| 8.19 | 4.78 | **Siliconware Prec Ind** | SPIL | **382.8** | 6.13 | 0.01 | **0.16** |
| 37.86 | 17.43 | **Sony** | SNE | **340.6** | 37.84 | 0.69 | **1.86** |
| 16.49 | 13.11 | **NTT DoCoMo** | DCM | **315.3** | 15.23 | -0.19 | **-1.23** |
| 21.22 | 16.87 | **ChunghwaTel** | CHT | **309.4** | 18.97 | 0.11 | **0.58** |
| 81.00 | 40.18 | **China Life Ins** | LFC | **242.1** | 71.07 | 0.52 | **0.74** |
| 14.09 | 2.00 | **City Telecom** | CTEL | **224.4** | 11.74 | -0.88 | **-6.97** |
| 18.20 | 7.41 | **Korea Elec Pwr** | KEP | **199.6** | 16.99 | -0.01 | **-0.06** |
| 24.09 | 17.71 | **NTT** | NTT | **180.8** | 21.50 | -0.41 | **-1.87** |
| 21.78 | 12.18 | **KT Corp** | KT | **158.4** | 20.74 | -0.01 | **-0.05** |
| 135.92 | 65.09 | **PetroChina** | PTR | **154.7** | 119.95 | 0.80 | **0.67** |
| 34.27 | 11.73 | **Aluminum Cp of China** | ACH | **134.1** | 26.34 | 0.29 | **1.11** |
| 150.50 | 51.53 | **POSCO** | PKX | **128.8** | 124.73 | 0.73 | **0.59** |
| 9.82 | 5.68 | **Telecom Corp of NZ** | NZT | **125.3** | 7.95 | 0.10 | **1.26** |
| 9.50 | 4.00 | **Nomura Hldgs** | NMR | **119.5** | 7.26 | -0.07 | **-0.95** |
| 94.00 | 46.45 | **China Petro & Chem** | SNP | **114.2** | 79.30 | -0.87 | **-1.09** |
| 25.65 | 5.35 | **Yanzhou Coal Mining** | YZC | **114.1** | 22.25 | -0.01 | **-0.04** |
| 7.74 | 2.00 | **Alumina** | AWC | **107.6** | 6.16 | 0.06 | **0.98** |
| 44.52 | 21.23 | **Canon** | CAJ | **104.2** | 44.47 | 0.59 | **1.34** |
| 25.40 | 9.66 | **Nidec** | NJ | **104.1** | 24.94 | -0.22 | **-0.87** |

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

## Global government bonds

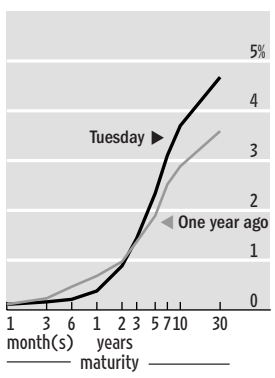
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

| Coupon | Country/ Maturity, in years | Yield | SPREAD OVER TREASURYS, in basis points Latest | Previous | Month ago | Year ago | YIELD Previous | Month ago | Year ago |
|---|---|---|---|---|---|---|---|---|---|
| 5.750% | **Australia** 2 | **4.803%** | **389.6** | 386.7 | 366.2 | **174.9** | **4.738%** | 4.435% | **2.788%** |
| 4.500 | 10 | **5.560** | **181.9** | 186.0 | 188.5 | **145.0** | **5.555** | 5.459 | **4.459** |
| 5.000 | **Austria** 2 | **1.278** | **37.1** | 41.5 | 82.0 | **25.7** | **1.286** | 1.593 | **1.296** |
| 3.900 | 10 | **3.563** | **-17.8** | -16.2 | 10.7 | **128.2** | **3.533** | 3.681 | **4.291** |
| 2.000 | **Belgium** 2 | **1.140** | **23.3** | 26.1 | 73.1 | **20.0** | **1.132** | 1.504 | **1.239** |
| 3.750 | 10 | **3.678** | **-6.3** | -4.8 | 15.1 | **104.3** | **3.647** | 3.725 | **4.052** |
| 1.500 | **Canada** 2 | **1.564** | **65.7** | 63.4 | 33.1 | **-5.5** | **1.505** | 1.104 | **0.984** |
| 3.750 | 10 | **3.538** | **-20.3** | -20.1 | -21.5 | **-1.3** | **3.494** | 3.359 | **2.996** |
| 4.000 | **Denmark** 2 | **1.715** | **80.8** | 81.3 | 101.2 | **109.0** | **1.684** | 1.785 | **2.129** |
| 4.000 | 10 | **3.472** | **-26.9** | -28.0 | -10.0 | **39.2** | **3.415** | 3.474 | **3.401** |
| 3.750 | **France** 2 | **0.961** | **5.4** | 7.7 | 34.8 | **53.8** | **0.948** | 1.121 | **1.577** |
| 3.500 | 10 | **3.452** | **-28.9** | -27.2 | -15.0 | **66.6** | **3.423** | 3.424 | **3.675** |
| 1.250 | **Germany** 2 | **0.915** | **0.8** | -0.4 | 21.8 | **25.9** | **0.867** | 0.991 | **1.298** |
| 3.250 | 10 | **3.158** | **-58.3** | -57.7 | -45.5 | **-2.9** | **3.118** | 3.119 | **2.980** |
| 0.640 | **Hong Kong** 2 | **0.766** | **-14.1** | -8.9 | -19.2 | **-7.6** | **0.782** | 0.581 | **0.963** |
| 2.160 | 10 | **2.933** | **-80.8** | -89.6 | -65.0 | **-92.6** | **2.799** | 2.924 | **2.083** |
| 5.000 | **Italy** 2 | **1.425** | **51.8** | 52.7 | 109.6 | **117.9** | **1.398** | 1.869 | **2.218** |
| 4.250 | 10 | **3.928** | **18.7** | 21.7 | 48.5 | **148.1** | **3.912** | 4.059 | **4.490** |
| 0.200 | **Japan** 2 | **0.150** | **-75.7** | -72.1 | -61.3 | **-62.4** | **0.150** | 0.160 | **0.415** |
| 1.400 | 10 | **1.308** | **-243.3** | -238.5 | -221.0 | **-170.7** | **1.310** | 1.364 | **1.302** |
| 2.500 | **Netherlands** 2 | **0.945** | **3.8** | 6.6 | 32.5 | **65.4** | **0.937** | 1.098 | **1.693** |
| 3.500 | 10 | **3.416** | **-32.5** | -31.9 | -12.0 | **82.6** | **3.376** | 3.454 | **3.835** |
| 5.000 | **Portugal** 2 | **1.810** | **90.3** | 89.3 | 168.8 | **144.9** | **1.764** | 2.461 | **2.488** |
| 4.800 | 10 | **4.206** | **46.5** | 60.1 | 120.1 | **173.3** | **4.296** | 4.775 | **4.742** |
| 5.350 | **Spain** 2 | **1.257** | **35.0** | 36.0 | 111.9 | **94.0** | **1.231** | 1.892 | **1.979** |
| 4.000 | 10 | **3.840** | **9.9** | 13.6 | 57.0 | **104.1** | **3.831** | 4.144 | **4.050** |
| 2.750 | **Switzerland** 2 | **0.452** | **-45.5** | -43.2 | -20.8 | **-55.1** | **0.439** | 0.565 | **0.488** |
| 2.250 | 10 | **1.905** | **-183.6** | -183.8 | -161.5 | **-74.6** | **1.857** | 1.959 | **2.263** |
| 3.250 | **U.K.** 2 | **1.026** | **11.9** | 15.7 | 36.9 | **28.8** | **1.028** | 1.142 | **1.327** |
| 3.750 | 10 | **4.059** | **31.8** | 34.3 | 30.8 | **10.4** | **4.038** | 3.882 | **3.113** |
| 0.875 | **U.S.** 2 | **0.907** | **...** | ... | ... | **...** | **0.871** | 0.773 | **1.039** |
| 3.625 | 10 | **3.741** | **...** | ... | ... | **...** | **3.695** | 3.574 | **3.009** |

Source: Thomson Reuters

## U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.




| Ryan Index | Yield to maturity | Modified duration | TOTAL RETURN Month to-date | Quarter to-date | Year to-date | 12-month |
|---|---|---|---|---|---|---|
| 30-year Treasury | **4.676%** | 16.02 | –2.19% | 0.14% | 0.14% | –12.88% |
| 10-year Treasury | **3.701** | 8.26 | –0.78 | 1.86 | 1.86 | –3.12 |
| 7 Year Treasury | **3.105** | 6.24 | –0.35 | 2.62 | 2.62 | 1.43 |
| Five-year Treasury | **2.341** | 4.67 | –0.21 | 2.18 | 2.18 | 1.96 |
| Ryan Index | **2.691** | 6.68 | –0.64 | 1.52 | 1.52 | –1.18 |
| 3 Year Treasury | **1.438** | 2.93 | –0.15 | 1.41 | 1.41 | 3.17 |
| Two-year Treasury | **0.883** | 1.95 | –0.14 | 0.85 | 0.85 | 2.23 |
| 1 Year Treasury | **0.381** | 1.00 | –0.04 | 0.21 | 0.21 | 1.30 |
| Six-month Treasury | **0.213** | 0.50 | ... | 0.04 | 0.04 | 0.58 |
| Ryan Cash Index-a | **0.217** | 0.46 | –0.01 | 0.07 | 0.07 | 0.57 |
| Three-month bill | **0.162** | 0.25 | –0.01 | 0.01 | 0.01 | 0.30 |
| One-month bill | **0.112** | 0.08 | ... | 0.01 | 0.01 | 0.12 |

a-Performance of a cash investment

Source: Ryan ALM

## Key money rates

| | Latest | 52 wks ago |
|---|---|---|
| **Prime rates** | | |
| U.S. | **3.25%** | 3.25% |
| Canada | **2.25** | 2.50 |
| Japan | **1.475** | 1.475 |
| Britain | **0.50** | 0.50 |
| ECB | **1.00** | 1.50 |
| Switzerland | **0.53** | 0.53 |
| Australia | **4.00** | 3.25 |
| Hong Kong | **5.25** | n.a. |
| **Libor** | | |
| One month | **0.23000%** | 0.55688% |
| Three month | **0.25563** | 1.32594 |
| Six month | **0.39438** | 1.92938 |
| One year | **0.85750** | 2.25813 |

| | Latest | 52 wks ago |
|---|---|---|
| **Euro Libor** | | |
| One month | **0.37750%** | 1.28875% |
| Three month | **0.59563** | 1.66563 |
| Six month | **0.90688** | 1.81500 |
| One year | **1.19625** | 1.94625 |
| **Hibor** | | |
| One month | **0.08000** | 0.35786% |
| Three month | **0.13000** | 0.95643 |
| Six month | **0.24000** | 1.26143 |
| One year | **0.53000** | 1.73071 |
| **Asian dollars** | | |
| One month | **0.2370%** | 0.57% |
| Three month | **0.2580** | 1.3240 |
| Six month | **0.3950** | 1.9100 |
| One year | **0.8570** | 2.2400 |

| | Offer | Bid |
|---|---|---|
| **Eurodollars** | | |
| One month | **0.3500%** | 0.2000% |
| Three month | **0.3700** | 0.2300 |
| Six month | **0.5500** | 0.3500 |
| One year | **0.9500** | 0.6500 |

| | Latest | 52 wks ago |
|---|---|---|
| **U.S. discount** | **0.75%** | 0.50% |
| **Fed-funds target** | **0.25** | 0.25 |
| **Call money** | **2.00** | 2.00 |
| **Overnight repurchase rates** | | |
| U.S. | **0.20%** | 0.28% |
| U.K. (BBA) | **0.520** | 0.788 |
| Euro zone | **0.29** | 0.87 |

Sources: WSJ Market Data Group; Reuters

# MARKETS LINEUP

## Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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## Asian index movers...

### Nikkei Stock Average

Japan 10563.92

▼ **0.04% or 3.73**

Weakness in technology-related shares overshadowed sharp gains in machinery-related stocks on positive data. Kyocera fell 1.1% and Advantest lost 1.5%.

| Stock | Volume in millions | Change Close | Change Net | Change % |
|---|---|---|---|---|
| Mizuho Financial | **73.54** | 185 | unc | ... |
| Toshiba | **47.84** | 439 | –8 | –1.79 |
| Clarion | **47.05** | 182 | –1 | –0.55 |
| Hitachi | **36.34** | 312 | 2 | 0.65 |
| Mtshbsh Fin Grp | **32.57** | 457 | –4 | –0.87 |

### CBN 600

China 27235.19

▼ **0.87% or 240.26**

Investors chose to lock in profits after recent gains as concerns about further credit tightening were revived ahead of Thursday's inflation data. China Vanke fell 1.5%.

| Stock | Volume in millions | Change Close | Change Net | Change % |
|---|---|---|---|---|
| JiangsuSunshine | **202.91** | 7.22 | 0.40 | 5.87 |
| GemdaleCorp | **182.74** | 13.76 | –0.01 | –0.07 |
| BaoshanIron&Steel | **110.18** | 8.53 | 0.11 | 1.31 |
| HaikouAgriIndustry | **109.38** | 10.42 | 0.13 | 1.26 |
| ShanghaiShenhua | **102.57** | 5.03 | unch | ... |

### Straits-Times

Singapore 2862.29

▲ **0.80% or 22.75**

Singapore Airlines and Genting Singapore benefited from predictions that tourism receipts would rise in 2010. Golden Agri-Resources tracked palm oil futures higher.

| Stock | Volume in millions | Change Close | Change Net | Change % |
|---|---|---|---|---|
| Golden Agri | **137.52** | 0.60 | 0.04 | 6.25 |
| Genting Spore | **95.87** | 0.94 | 0.03 | 2.73 |
| Sing Telecom | **19.51** | 3.18 | 0.03 | 0.95 |
| Noble Grp | **17.63** | 3.40 | 0.05 | 1.49 |
| NeptuneOrientLines | **17.19** | 2.00 | 0.05 | 2.56 |

### Sensex

India 17098.33

▲ **0.27% or 45.79**

Reliance Industries rose 1.8% after Credit Suisse kept the stock at outperform for refusing to raise its bid for LyondellBasell Industries. Tata Motors gained 1%.

| Stock | Volume in millions | Change Close | Change Net | Change % |
|---|---|---|---|---|
| Dlf-A | **2.01** | 314.45 | 2.70 | 0.87 |
| N T P C-A | **1.73** | 200.20 | –2.80 | –1.38 |
| Jaiprak Asso-A | **1.60** | 145.65 | 2.50 | 1.75 |
| Tata Motors-A | **1.16** | 778.45 | 7.55 | 0.98 |
| Reliance-A | **1.15** | 1,008.05 | 17.85 | 1.80 |

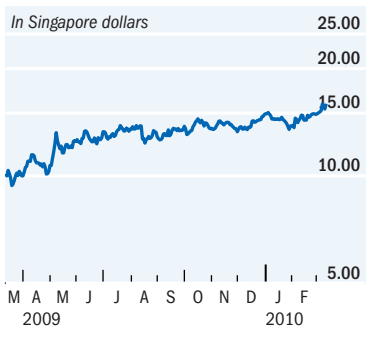
## Asian stocks in the news

### Singapore Airlines

Singapore S$15.94

▲ **3.5% or S$0.54**

Expectations about Singapore visitor numbers rose based on forecasts by the tourism authority.




| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **None** |
| Earnings per share, past four quarters | | | | **-0.02** |
| Dividend yield | | | | **2.5** |
| | PERCENTAGE CHANGE | | | |
| Travel & Leisure | | **-0.2%** | 0.2% | 37.9% |
| Singapore Airlines | | **3.5%** | 5.4% | 57.8% |

### Cathay Pacific Airways

Hong Kong HK$15.20

▲ **4.7% or HK$0.68**

The airline returned to a net profit in 2009, boosted by fuel-hedging gains.

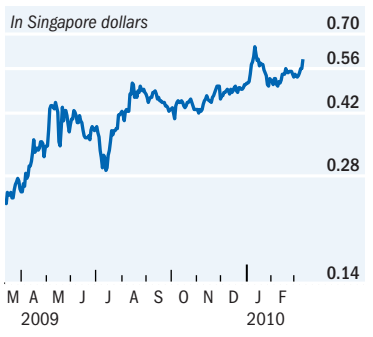
| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **None** |
| Earnings per share, past four quarters | | | | **-1.80** |
| Dividend yield | | | | **None** |
| | PERCENTAGE CHANGE | | | |
| Travel & Leisure | | **-0.2%** | 0.2% | 37.9% |
| Cathay Pacific Airways | | **4.7%** | 6.3% | 105.1% |

### Golden Agri-Resources

Singapore S$0.60

▲ **6.3% or S$0.03**

Crude-palm-oil futures surged on a record low in end-month stock levels in February.




| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **8** |
| Earnings per share, past four quarters | | | | **0.07** |
| Dividend yield | | | | **0.8** |
| | PERCENTAGE CHANGE | | | |
| Food & Beverage | | **0.1%** | 1.8% | 65.7% |
| Golden Agri-Resources | | **6.3%** | 12.3% | 149.5% |

### Nisshin Stl

Japan ¥186

▲ **6.9% or ¥12**

The Nikkei said it will make the stock a component of its Stock Average of 225 companies.

| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **None** |
| Earnings per share, past four quarters | | | | **-61.30** |
| Dividend yield | | | | **0.5** |
| | PERCENTAGE CHANGE | | | |
| Basic Resources | | **-0.2%** | 2.9% | 107.4% |
| Nisshin Stl | | **6.9%** | 6.9% | 15.5% |

### CITIC Pacific

Hong Kong HK$18.98

▲ **7.5% or HK$1.32**

Shares closed at a seven-week high after the conglomerate swung to a net profit in 2009.

| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **None** |
| Earnings per share, past four quarters | | | | **-6.87** |
| Dividend yield | | | | **0.8** |
| | PERCENTAGE CHANGE | | | |
| Indus Gds & Svcs | | **-0.3%** | 1.7% | 80.6% |
| CITIC Pacific | | **7.5%** | 7.6% | 164.0% |

### Tokuyama

Japan ¥485

▼ **2.2% or ¥11**

Hopes the stock would be included in the Nikkei Stock Average of 225 companies failed to materialize

| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **24** |
| Earnings per share, past four quarters | | | | **20.00** |
| Dividend yield | | | | **1.2** |
| | PERCENTAGE CHANGE | | | |
| Chemicals | | **-0.5%** | 1.4% | 70.5% |
| Tokuyama | | **-2.2%** | -1.0% | -11.5% |

### Cosmo Oil

Japan ¥214

▼ **2.3% or ¥5**

Shares fell after the Nikkei didn't include the stock in its benchmark index.

| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **None** |
| Earnings per share, past four quarters | | | | **-17.70** |
| Dividend yield | | | | **3.7** |
| | PERCENTAGE CHANGE | | | |
| Oil & Gas | | **0.6%** | 2.0% | 72.4% |
| Cosmo Oil | | **-2.3%** | -0.9% | -23.3% |

### Paladin Energy

Australia A$3.69

▼ **2.4% or A$0.09**

Resource-related weakened after the S&P 500 Materials Index slipped overnight.

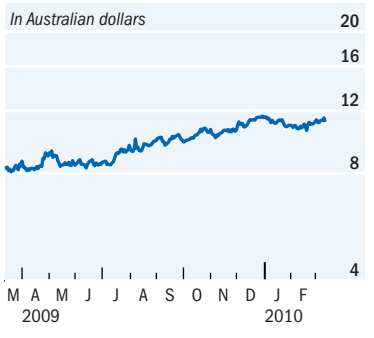
| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **32** |
| Earnings per share, past four quarters | | | | **0.12** |
| Dividend yield | | | | **None** |
| | PERCENTAGE CHANGE | | | |
| Basic Resources | | **-0.2%** | 2.9% | 107.4% |
| Paladin Energy | | **-2.4%** | -1.3% | 25.9% |

### Coca-Cola Amatil

Australia A$11.17

▼ **2.5% or A$0.29**

Consumer stocks slipped after disappointing housing-finance data prompted worries about the economy.




| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **18** |
| Earnings per share, past four quarters | | | | **0.61** |
| Dividend yield | | | | **2.2** |
| | PERCENTAGE CHANGE | | | |
| Food & Beverage | | **0.1%** | 1.8% | 65.7% |
| Coca-Cola Amatil | | **-2.5%** | 0.4% | 34.6% |

### Stockland

Australia A$4.07

▼ **2.6% or A$0.11**

Housing finance fell 7.9% in January from December, versus an expected 2% rise.

| | | Daily | 1 wk. | 52 wks |
|---|---|---|---|---|
| Price-to-earnings ratio | | | | **None** |
| Earnings per share, past four quarters | | | | **-0.47** |
| Dividend yield | | | | **2.7** |
| | PERCENTAGE CHANGE | | | |
| Real Estate | | **-0.4%** | 1.6% | 87.5% |
| Stockland | | **-2.6%** | -0.7% | 78.8% |

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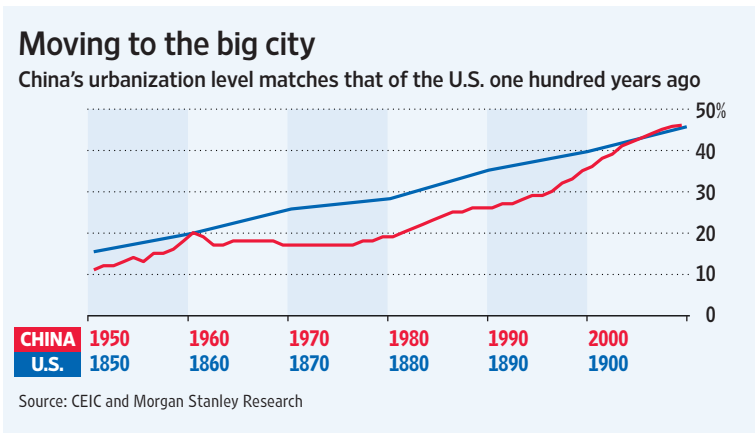
# Inward mobility: Beijing's latest policy challenge

China's economy may well be upwardly mobile. Inward mobility is another matter.

The *hukou*, or registration, system, which divides Chinese citizens into rural and urban dwellers, is a festering anomaly amid China's rapid economic reform in recent decades. A remnant of the 1950s planned economy, the system restricts labor mobility within China. Besides the resentment it causes, it is helping prolong imbalances in China's economy that policy makers would like to rectify.

For sure, there is labor mobility within China: The urban population has grown by about 1% per year on average over the last decade. But China's urbanization rate remains below other countries at a similar stage of development. Morgan Stanley, citing academic research, says 56% to 58% of China's population should be urban-based given its per-capita gross domestic product. By the end of 2009, China was only 46% urbanized.




Rural residents who move to cities find themselves denied subsidies for health care, education and housing. That, in turn, limits consumption by the new city dwellers, given their need to pay for those basic services. China, as a result, isn't getting as much economic bang out of urbanization as it could.

The system also discourages the work force from moving to where it might be employed most productively. In addition, says Yolanda Fernandez Lohman, head of the economics unit at the Asian Development Bank in Beijing, making urbanization easier will help avoid wasteful public and private investment. Less of the spending on infrastructure and housing in cities will be wasted, in other words, if more people can make use of it all.

Reform of the system is being more urgently discussed by China's party leaders, from Premier Wen Jiabao down. But there is a limit to the conversation: Prior to this week's National People's Congress, thirteen Chinese newspapers published a joint editorial calling for an end to the hukou system. One of the authors has since been removed from his position as a senior editor at the Economic Observer.

Such a cooling of expectations isn't without logic. The Chinese authorities worry an influx of rural migrants to the cities will overwhelm existing social services. Local governments are worried about the cost of accommodating ever more newcomers.

As ever in China, talk of reform now may take some time to translate into action.

*—Andrew Peaple*

# Bad news for tire makers if Vietnam joins the OPEC of rubber

The OPEC of rubber? There is such a thing, and it's about to get some teeth.

The International Rubber Consortium, a cartel of the world's three largest natural-rubber exporters—Thailand, Indonesia and Malaysia—has asked Vietnam to join the club. IRCo already produces 75% of the world's natural rubber, but without Vietnam's rubber plantations, the group lacks clout.

This became evident as rubber prices plunged to a five-year low in 2008. IRCo's response—to reduce exports by 700,000 metric tons—was undercut by Vietnam's producers, which actually boosted output last year.

This year, Vietnam is expected to produce nearly 770,000 tons of natural rubber, a 39% increase in just four years. Soon, it may surpass India, where most output is locally consumed, and Malaysia, where production is falling as farmers shift to more lucrative palm-oil production, to become the No. 3 producer.

Hence the invitation from IRCo. Better coordination with Vietnam to turn the rubber tap off means cheap natural rubber may become a thing of the past. For example, Thailand, still the world's largest rubber producer, "favors" rubber prices above $2.60 per kilogram. Having doubled in the past eight months, prices already sit well above that, but any retreat will surely be met with more production cuts. With Vietnam on board, IRCo will control 84% of the world's natural-rubber output.

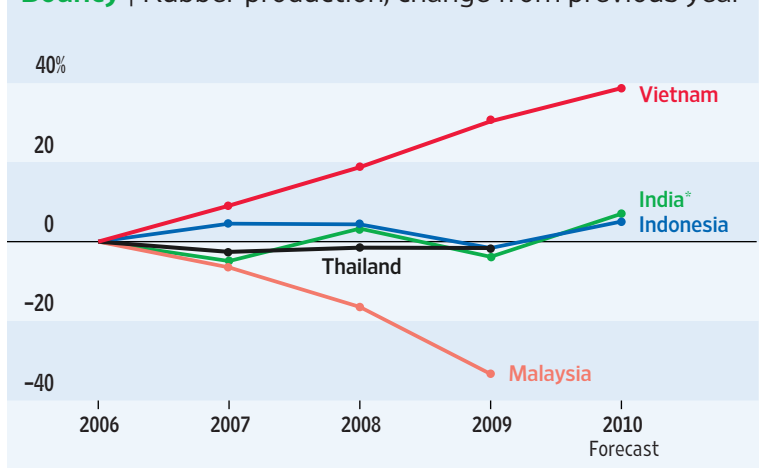
**Better coordination between a consortium and Vietnam to turn off the rubber tap means cheap natural rubber could become a thing of the past.**

To be sure, obstacles to IRCo's ambitions, such as convincing small growers to fall in line, linger. But controlling rubber supply is easier in Vietnam, where 60% of output is controlled by state-run companies and one company alone controls nearly half. In Indonesia, Malaysia and Thailand, most of the rubber output is from small growers.

Vietnam, given a choice between accepting restrictions on its expansion plans and gaining greater control over prices, is leaning toward the latter. It has agreed "in principle" to join the group.

Tire makers, which consume 70% of the world's natural-rubber output, need to watch out.

*—Sameer Mohindru*




*India's natural-rubber production is primarily consumed domestically.
Note: Forecasts for Thailand and Malaysia are unavailable
Source: Association of Natural Rubber Producing Countries

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